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TALENT MANAGEMENT IN CHINESE MULTINATIONAL CORPORATIONS

A Case Study of TCL Corporation

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ABSTRACT

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With the open and reform policy affecting deeper and wider in the past three decades, more and more foreign multinational corporations are entering the Chinese market, while, at the same time Chinese companies has began to enter the overseas market. In the process of internationalization, Chinese multinationals and foreign multinationals are facing the same problem: talent management. Chinese multinationals have realized the importance and necessity of talent management, and it is currently becoming more and more important at the present.

Based on the research objective, this paper chooses a typical Chinese multinational as the case company-TCL Corporation. This paper aims to investigate how Chinese multinational corporations perform talent management in a strategic way by using the case study of TCL Corporation. Based on this purpose, there are some research questions that should be solved, such as what kind of TM strategies are used in Chinese multinationals, and how does the TCL Corporation develop its talent management, as well as the talents localization and cultural integration practice in TCL.

This paper focuses on both qualitative and quantitative research methods as well as a case study approach by using a questionnaire and interviews with three managers of the TCL Corporation. The results from this paper point out the strategies that are used by TCL Corporation. For example: the unique and special talents selection criteria, attractive remuneration principle, and Next Best Action program. The result also shows the talent localization strategies of the TCL Corporation, such as the career design, promotion opportunities, and Eagle training program. Besides, the results tell two culture characteristics of TCL cross-culture integration which are culture divergence and culture convergence.

Keywords: HRM, MNCs, Talent Management, China, Strategies.

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Viimeisen kolmenkymmenen vuoden aikana Kiina on uudistanut talouttaan. Yhä useampi kansainvälinen yritys laajentaa toimintaansa Kiinan markkinoille. Samaan aikaan kiinalaiset yritykset ovat alkaneet laajentaa toimintaansa ulkomaille. Kiinalaiset ja kansainväliset yritykset joutuvat kohtaamaan osaamisen hallinnan haasteet kansainvälistyessään. Tästä huolimatta kiinalaiset yritykset ovat havainneet osaamisen hallinnan tärkeyden. Kiinalaiset ovat yhä kypsempiä osaamisen hallinnassa.

Tutkimuksen tavoitteiden puitteissa tutkimuksen kohteeksi valittiin tyypillinen kiinalaismonikansallinen yritys TCL Corporation. Tämän tutkimuksen tavoite on selvittää miten kiinalaismonikansallinen yritys hoitaa osaamisen hallintaa strategisella tasolla käyttäen TCL Corporation-yritystä esimerkkinä. Tämän tarkoituksen puitteissa selvittäväksi nousi muun muassa seuraavia kysymyksiä: minkälaisia osaamisen hallinnan strategioita kiinalaismonikansalliset yritykset käyttävät, miten TCL Corporation kehittää osaamisen hallintaa, osaamisen sijainti ja kulttuurin integroinnin käytännöt TCL:ssä.

Tämä tutkimus käyttää sekä laadullisia että määrällisiä metodeja ja tapaustutkimuksen lähestymistapaa. Tutkimustyökaluina käytettiin kyselylomakkeita ja kolmen TCL Corporation-yrityksen yritysjohtajan jäsenen haastatteluja. Tutkimuksen tulokset osoittavat miten TCL Corporation valitsee ja säilyttää osaamista, esimerkiksi ainutlaatuisilla ja erityisillä osaamisen valintakriteereillä, houkuttelevalla palkkioperiaatteellaan ja Next Best Action – ohjelmallaan. Tulokset näyttävät myös TCL Corporationin erilaiset osaamisen paikannusstrategiat kuten urasuunnittelun, etenemismahdollisuudet ja Eagle – trainee-ohjelman. Lisäksi tulokset kertovat TCL:n eri kulttuurien välisen yhdentymisen kahdesta erityispiirteestä, joita ovat kulttuurinen eroavaisuus ja kulttuurien lähentyminen.

Avainsanat: Henkilöstöhallinto, Kansainväliset yritykset, Osaamisen hallinta, Kiina, Strategia.

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DEFINITIONS OF SOME WORDS IN THIS PAPER

HRM: Human resource management is the management of an organization's workforce, or human resource.

MNC: Multinational Corporation, a corporation operating facilities in several different countries of the world. (Robbins&Coulter, 1999)

TM: Talent Management, a management approach that can find and develop talent to meet the organization's goal.

GTM: Global talent management. All organizational activities consist of attracting, selecting, developing, and retaining the valuable employees an international level. (Scullion, Collings & Caligiuri 2010)

Talent Pool: A talent pool refers to all employees who are working within a company that have been identified as talents. (Lijie, 2010)

Talents Localization: It is a strategy refers to MNCs use the local talents rather than expatriate to foreign subsidiaries.

PCN: Parent Country Nationals are persons who are from the country where the company is headquartered. They have the citizenship of this country. (Dowling 2004)

HCN: Host Country Nationals are persons who are from the country where the foreign branch of the company is located. (Dowling 2004)

M&A: Mergers and Acquisitions refer to a strategy to consolidate a company. A merger means to combine two companies into a new company, while an acquisition means that one company is purchased by another company.

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1. INTRODUCTION

This chapter will give the background of problems; highlight the research objectives, questions and choice of methodology. Thereafter, research limitations will be presented.

1.1 Background

In today's global business environment, high speed development has rapidly increased the ratio of foreign employment in multinational corporations (MNCs) over the past twenty years (Adam J, 2007). According to recent statistics, this ratio of the world's largest 100 MNCs stands at almost 50 percent. And about 33 percent come from developing countries (World Investment Report 2006:31-2).

MNCs have to be confronted with a key challenge due to the steadily increasing proportion of MNCs employees working outside of their home countries. They have to manage this “new global workforce” by leveraging its diversity whilst ensuring an appropriate level of consistency (Bexell & Olofsson, 2005). The business function that has been attributed a major role in addressing this new challenge is human resource management (HRM). However, talent management (TM) is equal to the anticipation of certain human capital the enterprise requires at the time, and then set a plan to accomplish the goals (Bexell & Olofsson, 2005).

With the open and reform policy affecting deeper and wider in the past three decades, the top priority has been given to most multinational corporations in the promising Chinese market, while Chinese corporations are going into the overseas markets. However, they tend to be caught with the same dilemma —attracting, developing and retaining the local talents. Local leadership becomes the key issue to solve for them. It fits the unique and rapid shifts of the market. Pierre Chide, the Asia-Pacific president of Goodyear, appointed in a late interview with *The Wall Street Journal* that the most

challengeable question is absolutely the fight for talent in China. Chinese multinational companies also face the same challenge.

1.2 Research Objective and Questions

In this paper, Chinese MNC was defined as two types of multinational corporations. It could be a MNC which is headquartered in China. It also could be a MNC where the company's headquarters is located in foreign country, with a branch company in China. In this paper, it is defined that the headquarters of a Chinese company is located in China and several branches are across many countries.

As the increasing of MNCs and the global economics' growths, HRM and TM become more and more important for the MNCs (Berger, 2004). Talent management is a new concept in the field of theoretical research. Many researchers think that the importance of TM will sustain for a long time.

Nevertheless, many cynics argue that TM is just the latest fad in popular management knowledge (Berger, 2004). There is not any mutual definition of the concept among theoretical researchers and TM advocates.

Creelman (2004) defines the concepts:

"The process of attracting, recruiting and retain talented employees" (Creelman, 2004 p. 3).

The purpose of this study is to investigate how Chinese multinational corporations perform talent management in a strategic way by using the case study of the TCL Corporation. Based on this purpose, the specific research questions are the following:

- 1) What kinds of TM strategies are used in Chinese MNCs?
- 2) How does the TCL Corporation develop its talent management?
- 3) How do talents localization and cultural integration practice work in TCL?

1.3 Theoretical Limitations

Considering the subjects of the extensive literature, it is crucial for the outcome and reliability of the paper to limit the theory. This study narrows the field to investigate the case company. Just some of HRM and TM practices are taken into consideration. Another limitation is that only one company in China is the target research object in this paper. It could not be the same in other MNCs. The way to investigate this thesis is only to use the video interview and e-mail questionnaire to accomplish the research since the geographic limitation.

1.4 Structure of the Thesis

This study is organized into five chapters which can be grouped into three parts: theoretical part, empirical part and conclusion part (Figure 1). The theoretical part consists of chapter one and chapter two.

The current chapter introduces the background of the thesis and presents the thesis's main research objectives, questions, and the limitations of this study.

The second chapter is the literature review part. This chapter is divided into two main parts: The first part gives an overview of the HRM, and the relationship between HRM and TM in this thesis. The second part presents an overview of TM, strategic TM in MNCs, TM strategies in Chinese MNCs. This chapter also analyzes the effect of localization of TM. Cultural integration is also described in this chapter.

The empirical part consists of chapter three and chapter four. It is presented by using a case study including the analysis of the methodology and answering the research questions. It gives the details of methodology of this thesis in chapter three. The introduction of case company's TM strategies and research are listed in chapter four. As the conclusion part, suggestions for Chinese MNCs and further research are summarized in chapter five (Figure 1).

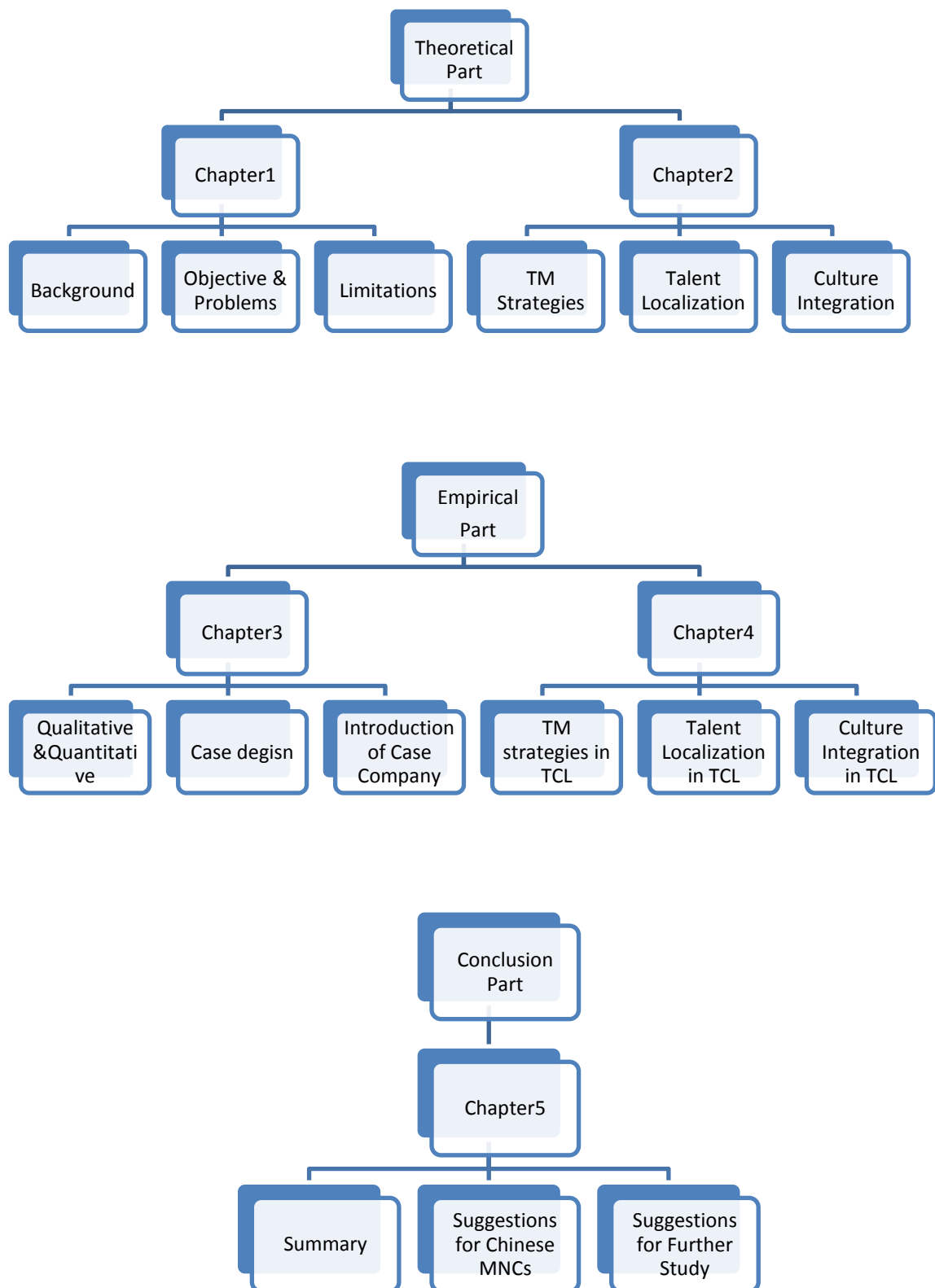


Figure 1. Disposition of Thesis

2. HUMAN RESOURCE MANAGEMENT AND TALENT MANAGEMENT

In this chapter, the relevant literature will be presented. Firstly, the term of HRM will be defined. And the following is the similarities and differences between HRM and TM. Secondly, the theory about talent management strategies will be presented. Finally, the localization of TM is also approached with focus on cross culture and organizational culture.

2.1 Human Resource Management

Typically, HRM refers to those activities undertaken by an organization to effectively utilize its human resources. Those activities would include at least the following (Dowling 2004):

- 1) Human resource planning
- 2) Staffing (recruitment, selection, placement)
- 3) Performance management
- 4) Training and development
- 5) Compensation (remuneration) and benefits
- 6) Industrial relations

The ultimate goal of human resource management is to promote the corporations to achieve their goals. For the goal of the HRM, Armstrong made the following provisions (Armstrong, 2009):

- 1) The ultimate goal of the company will be achieved by its most valuable resource – employees.

- 2) In order to improve the overall performance of individual employees and the whole organization, everybody should take responsibility of promoting the company's success in the organization.
- 3) Necessary prerequisites to achieve business goals are to design and develop tactic HRM strategies and coherent HR policies.
- 4) Organizations should take efforts to seek the unification between human resources management policies and business objectives.
- 5) Create a good business environment to encourage a positive style for employees.
- 6) Create a harmonious relationship inside a organization to help companies achieve specific objectives in the competitive environment.

2.2 The Relationship between HRM and TM

There is not a total different or fragment between human resource management and talent management. TM is an inevitable phase after companies establish a human resources system, and it is a result of the further development of human resources management according to their own logic. But there are some differences between HRM and TM:

- 1) HRM emphasizes equality. It focuses more on the process (Qingzhao, 2005). For instance: job description, compensation system, time and attendance, benefits, and so on. However, TM is more concerned about talents, for example: attracting, recruiting, placement, development and retention of talents. HRM treats all the employees in the company equally, and allocates resources in accordance with the company's need to treat different people in different ways. However, TM

focuses on the needs of “core” and “non-core” employees as being different, and pays more attention to different requirements of different people.(Chuai,2008)

- 2) HRM is the responsibility of the HR department (Paul& Doz, 2001). However, TM is a shared responsibility of the HR department and senior managers. Business executives often delegate the responsibility of TM, while the HR department is responsible for the design and promotion systems, and tests results. Obviously, talent training and development are the duties of managers rather than HR duties (Evans P, 2002).
- 3) HRM has a separate model such as recruitment, training, performance and development. Its focus is the successful performance rather than the “people”. So the point to TM is “people” and “talent”. Management functions of TM are not divided into different parts, but connected closely, and the core is talents (Laff, M. 2006). Therefore, the ultimate result of the talent management is a continuous supply of talents.

2.3 Talent Management

Nowadays, companies around the world are confronted with global competition. They are facing many talent challenges in the global environment. According to Scullion, Collings & Caligiuri (2010), global talent management (GTM) consists of “all organizational activities for the purpose of attracting, selecting, developing, and retaining top employees in the most strategic roles on a global scale”. They also consider that GTM takes the differences in both organizations’ global strategic priorities and across national contexts into account, because talents should be managed in how to operate in the countries.

2.3.1 Defining Talent Management

The concept of talent management appeared in the 1990s. The talents are used to recruit, develop and retain talents, in order to drive the company's performance. Currently, there are different definitions of TM: Morton (2006) classified eight different types of TM activities: recruitment, retention, development, leadership development, performance management, employee feedback or measurement, personnel planning and culture (Chuai, Lles&Preece, 2008). Fitz-enz (2005) claimed that TM includes six different HR activities: recruitment and placement, leadership development, succession, performance management, training and talent retention. Farley (2005) presented that TM was a set of process to explore employees' value; therefore the core issue of TM became attracting, recruitment, development and sustainability (Chuai, Lles&Preece, 2008).

If extending this concept to a specific application, the general definition of TM is “attracting, selecting, developing and retaining the talents”. As a result, TM includes some aspects such as attraction and recruitment, evaluation and assessment, performance management, learning and development, succession and retention.

The main point of TM is to create an excellent environment for talent development. It is not only to improve the quality and ability of talent, but also create a favorable environment to play their value. Thus, TM is a comprehensive and high level activity.

2.3.2 Talent Management Strategies in Chinese MNCs

Organizations are facing fierce competitive challenges in the global economy environment, especially MNCs. A set of TM strategies has become the essential method to get the competitive advantage. Talent Management is an advantage for business to create a long-term competitiveness (Heinen & Oneill, 2004).

2.3.2.1 Attracting Talents

HRM are often puzzled about looking for the appropriate people to fill the right place immediately (Graham&Trevor, 2000). However, the accumulated requirements of employees have become apparent and difficult in today's gradually fierce competition market due to the insufficient real talents (Gomez&Sanchez, 2005; Pollitt, 2004). Therefore, it has become common problems for the managers how to find or attract the talents.

1) Corporate Identity

Aiming to attract real talents, the most important measure is to establish an excellent corporate image (Pollitt, 2004). To find the top employees, Multinational Corporations require a good reputation. The corporation identify is a strength to attract and retain talents. A company needs to own a good reputation and attractiveness to be able to find talents, and to provide a clear view of the firm's competitive advantage. It could improve the expectation of the employees (Uren, 2007).

2) An Attractive Culture

The measure of an attractive company culture is to build an effective and open communication. It must input the staff into both the planning and the decisions. Top talents usually enjoy doing collaborative projects. Team building, a process to strengthen the energy and cohesiveness of a team, is effective in accelerating satisfying communication. It must have an appropriate environment for open and honest communication. Another typical way to foster motivation is team building. Managers should first ask all the staff to note the biggest challenge and the biggest obstacles to build common ground. Next, require them to discuss these issues in pairs. And then invite each person to present his or her partner's issue to the large group. Finally the group work as a team to identify some action steps.

3) The Diversity of Talent Pool

It is imperative for today's managers to understand and respect the diversity of the talent pool in order to manage continually. Managers should spend spare time in accessing individual styles to adjust their approach and keep the talented staff motivated well, because a successful assessment is beneficial to coach and work well with diversity. The influencers enjoy being included, getting credit and looking optimistic. The analyzer likes structure, details and quality. The managers should avoid conflicts for stable supporter and divide into teams. The controller, who concerns only details and facts, can guarantee full devotion into challenges and stretch goals (Nikolai&Emily, 2002).

2.3.2.2 Selecting Talents

“People determine the performance capacity of the organization.”— Peter Drucker

Hiring decisions are perhaps the most critical decisions to a company. It will bring success for companies to put the right people in the right place at right time. But it's essential to start with talents.

Table 1 shows the most common human capital measures according to Phillips (2005). Even though they are sometimes difficult to understand, they will reflect the potential challenges and success factors in organizations. These 12 human capital measures can help the growth, development and the sustainability of corporations. They can also provide useful information for organizations to make good decisions. Further, Phillips (2005) also mentioned that, although some measures seem outdated, they do all excellent represent measures, which can guide companies to create opportunities and solve problems.

1. Innovation and Creativity	7. Productivity
Innovation	Unit productivity
Creativity	Gross Productivity
2. Employee Attitudes	8. Workforce Profile
Employee satisfaction	Demographics
Organisational commitment	9. Job Creation and Recruitment
Employee engagement	Job growth
3. Workforce Stability	Recruitment sourcing and effectiveness
Turnover and termination	Recruiting efficiency
Tenure and longevity	10. Compensation and Benefits
4. Employee Capability	Compensation
Experience	Employee benefits
Learning	Variable compensation
Knowledge	Employee ownership
Competencies	11. Compliance and Safety
Educational level	Complaints and grievances
5. Human Capital Investment	Charges and litigation
HR department investment	Health and safety
Total HC investment	12. Employee Relations
Investment by category	Absenteeism and tardiness
6. Leadership	Work/life balance
360 degree feedback	
Leadership inventories	
Leadership perception	

Table 1. The Most Common Human Capital Measures (Phillips, 2005).

2.3.2.3 Developing Talents

Developing talents is a fundamental part of talent management, such as performance improvement of high performers (Frank & Taylor, 2004). Organizations which embed development into their essence are usually to locate more talents, retain it in long-term performance (Berger, 2004). However, there is a disagreement about this truth. Many corporations deliver their poor development possibilities. But with the help of available tools such as coaching and mentoring, new approaches on development will make the problem easier.

1) Training

Foundational managerial education and high-impact leadership development are the core to enhance especially management development (Aguirre & Hewlett, 2009). When the instructor is a well respected senior leader of the organization, the latter can be finished in a face-to-face circumstance. In other words, foundational managerial education is the knowledge of academic disciplines that is taught in M.B.A. or

executive education programme which are especially practical to those facing transitions in their careers (Raida, 2009).

2) Succession Planning

Role-based programmes and individual-based programmes make the succession planning. Individual-based programmes pay more attention to specific employees who are considered to be more capable, while role-based programmes are to help the move of all the members that could be employed in the company. After that, the establishment of leadership is viewed as a part of desirable candidates' profiles. Therefore, it is increasingly significant for organizations to employ succession planning.

3) Career Management

Career guidance is the direct opposite of successor development (Li, Jack & Mark, 2011). Future development opportunities will be of more priority than a vertical promotion with career design. This makes career choices more confused and younger employees appreciate by providing guidance with various paths for the future, meanwhile enhancing communication (Brandt & Kull, 2007).

2.3.2.4 Retaining Talents

Talent retention refers to that employers put their efforts to keep the excellent employees and thereby the realization of company objectives (Frank, & Taylor, 2004). As Herman (2005) notes, a retention plan also plays an important role in avoiding unexpected loss of human capital and reducing the costs of employee turnover. It also can enhance the workforce stability of company (Brandt & Kull, 2007).

Generally, employee engagement is about how employees feel the intentions of their activities and their work environment. Engagement has found to be directly involved with positive financial performance as well as customer relationships. The motivation of an individual affects how he/she uses and displays his/her capability (Bernard, 1992). The goal of maintaining friendly relationships makes people focus only on establishing and maintaining relations at work. Thus they are more sensitive on factors influencing them after work. The influence refers to the desire to affect others, build a reputation and offer support. A more sufficient use of personnel is better for the retaining of the talents (Brandt & Kull, 2007). Therefore, it is developmental to get employees linked and could help arouse creativity and create knowledge (Busi, 2006).

2.3.3 Talent Localization in Chinese MNCs

Human resource is an important resource in today's society. It is a major factor in modern economic growth. It has become more and more important for multinational corporations nowadays. Talent management in MNCs can be categorized two different kinds of modes. One is home-country model, and another is localized-country model. Localization has been becoming more and more popular due to the cost factors, as well as the development of information technology, applications and information resources development.

Localization mode can be defined that multinationals do not expatriates to foreign subsidiaries, they select and develop the local talents. As the level of localization, it usually measures by the staff proportion or the key positions of the host country nationals (HCN) share. The higher proportion of the data, the higher degree of TM localization they have.

The advantage of this model is that MNCs can recruit the local talents at relatively lower cost. Therefore, comparative advantage is obviously. In addition, the cultural conflicts can be reduced or prevent due to the consistency of the language and cultural background. Local talents are very familiar with the host country's policies and the economic environment. It can eliminate cultural barriers to promote effective cooperation among employees and enhance the company's internal cohesion. Moreover, the resistance of the authorities of host country can be reduced by using local talents. It is easier to create a good cooperation relationship with the host country. It is conducive to the development of the subsidiaries in the local. Due to the above advantages, TM localization mode is favored to more and more MNCs.

2.3.3.1 Multinational Talent Localization Trend in China

From a domestic perspective, multinational talent localization has experienced three stages in China: from the 1980s to the early 1990s, most of general managers and first line managers, or any other major managers are from parent country nationals (PCN). They have a long-time work experience and are familiar with the company's operations. In the late 1990s, there are more and more managers from Singapore, Hong Kong, and other countries of Asia. After 1990s, many key management positions in multinational companies are performed by locals, they know more about the local policies, economy and legal terms.

Chinese MNCs have implemented various degrees of talent localization strategies. According to "Hudson Employment Report" in 2004, 87.6% companies of the surveyed MNCs state that they will consider increasing number of the foreign employees. More and more MNCs pay attention to the talent localization. It has become a major trend of Chinese MNCs.

2.3.3.2 The Necessity of Talent Localization in MNCs

Why is the talent localization trend more and more popular in Chinese MNCs? Talent localization not only meet to the needs of cultural differences, but can also reduce the economic cost to which meet the needs of MNCs (Li, 2010).

Firstly, it can enhance the relationship between headquarters country and subsidiary country. Most of the employees will work with their own country's culture when they are working in a foreign country. Generally, the failure of large MNCs is that they ignore the cultural differences (Li, 2004). Using local talents can reduce the culture impact and avoid unnecessary conflicts.

Secondly, talent localization can reduce the economic cost. Managers have to experience a long-time training before they are sent to the host country. At the same time, MNC has to pay the fee to compensate psychological costs, travel fees, and other technology cost. It maybe includes the fee of the children education due to these expatriates leave the familiar way of their life to a country with unfamiliar environment (2010 China Talent Management Report). These expenditures will increase the management cost compared with domestic companies. Talent localization can help MNCs develop their business at a global level with the lower cost and higher return. (2011 China Talent Management Report)

Finally, it can ensure the relative stability of the company's management staff (2011 China Talent Management Report). The expatriate will be failure if the managers live in a different culture environment and far away from their family. But it is not the case with local talents (2012 China Talent Management Report).

2.3.4 Cultural Integration in the Multinational Talent Management

Most of MNCs' subsidiaries are located all over the world, and employees all come from different countries. In this context, the cultural differences between the employees of different countries are bound to have a significant impact on the enterprise's human resource management. Cross-cultural differences in international operations will bring more huge challenges than opportunities to the enterprise. Therefore, the success of the multinational enterprises operating depends largely on the quality of corporate cross-cultural management.

2.3.4.1 Cross-cultural Management Implications and Challenges

When multinational companies enter the host country market, the day-to-day operations of the multinational companies will be effected more or less due to differences of the ethnic and cultural background and different corporate culture style to some degree. The previous study found that the failure of cross-cultural management often leads to employees' dissatisfaction and low job performance. Therefore, it has become an important aspect of human resource management to control employees from different countries with different cultural backgrounds reasonably and scientifically.

2.3.4.2 Cross-cultural Management Strategies

As managers of multinational companies, the first thing needed to do is to recognize and understand the objective existence of cultural differences and overcome the narrow-mindedness. Managers should put emphasis on the learning, understanding and integration of the national language; culture, economic and legal as well as regard the cultural differences as an advantage rather than a disadvantage, take advantage of the performance differences, and implement the active transnational cultural management strategies (Haghirian, 2011).

2.3.4.3 Cultural Integration Strategies

It is impossible for cross-cultural human resource management to transcend national and cultural boundaries in cross-cultural business organizations completely in the management philosophy, management positions, and personnel policies. The managers should endeavor to obtain floating balance between two cultures (Haghirian, 2011). The balancing process is the cross-cultural aspects of cross-cultural business when organizations gradually form a business model with host country characteristics, thus create a cultural realignment of corporate culture. According to the point of Nancy. J. Adler, who is the famous Canadian cross-cultural management experts, there are three options to solve the organization intercultural conflict.

1) Overtopping

Some organizations utilize a culture system to overtop another one. This way can form the unity organizational culture in the short term, but not conducive to obtain strengths from a different cultures. Moreover, the repressed culture easily gives its employee's heart scandalizes.

2) Compromising

It takes the ways of compromise and concession among the different cultures, which deliberately ignores and avoids the cultural differences. This way it seems easy to form a harmonious and stable organization atmosphere. However, the crisis often lies dormant in the harmony and stability, and a useful culture is difficult to fully develop.

3) Integrating

Different cultures pay attention to the difference to form a new organizational culture on the basis of mutual respect, complement, and coordinate with each other. The unified culture not only has strong stability, but also has "hybrid" advantage.

2.3.4.4 Cultural Avoidance Strategy

When there is a huge difference between the culture of the home country and the culture of the host country. The culture of the home country in the operation of the entire subsidiary occupies the main body, but the existence of host culture cannot be ignored or left out. The managers must address the bilateral cultural significant differences circumvent conflict caused by other cultures, not in these sensitive areas.

2.3.4.5 Cultural Innovation Strategy

Cultural innovation strategy is an effective integration between the local culture and the foreign branches culture. Promote mutual understanding, adaptation, integration of different cultures between the home company and the local culture. To build a new type of the foreign branch corporate culture as a foreign branch management bases on the formation of a multinational competitive advantage in this new culture (Haghirian, 2011).

2.3.4.6 Cross-cultural Human Resource Management Strategies

With the rapid global international expansion of multinational corporations, it means there will be more and more HR competition. Businesses must be more concerned about international human capital market rules in the global configuration. Cultural conflict is the most vexing part in cross-cultural management of human resources (Sanchez, 2004). Cultural conflict refers to the colliding between different forms of culture. In a specific international business organization, the causes of the cultural conflict are: racial superiority with a combination of national technology, capital and management, but in terms of the connotation, the collision and fusion of different cultures. For MNC, its subsidiaries are throughout the world. There are often tens of thousands or even hundreds of thousands of employees. How to command these different ethnic groups, different values of the staff in order, it is a big problem that multinational companies must solve (Sanchez, 2004).

2.3.4.7 The Connotation of Cross-cultural Management of HR

Cross-cultural management, specifically HR, refers to the process of obtaining, maintaining, evaluating, developing and adjusting the human resources from different cultural backgrounds. It improves labor productivity and the quality of working life to obtain economic benefits. Cross-cultural management of human resources is part of the cross-cultural management (Sanchez, 2004).

Globalization has been slowed down by the economic downturn, which causes a drop in international trade and global expansion. But the obstacle is not permanent. The trend is toward further globalization in trade, capital, labor, technology and culture in the long run. This trend makes talent management important to today's multinational corporations.

3. METHODOLOGY AND THE CASE COMPANY

This chapter will list the research methods being used in this thesis, and the overview of the case company will be introduced. The case design and data collection ways will be presented in this chapter.

3.1 Qualitative and Quantitative Research Method

This thesis will focus on both qualitative and quantitative methodological approach. Qualitative method is more important to introduce the values behind the strategies and processes being exerted. There are many ways to conduct the actual research by using qualitative research and the social sciences such as experiments, surveys and case studies (Boeije, 2010). Some factors should be considered when choosing what study to conduct. For instance, the research questions should be answered, the control needs behavioral events if the context is a historical or a contemporary phenomenon (Yin, 1994).

Quantitative method refers to a research method by using interviews, observations, small numbers of target sample. The main difference between the methodologies is that qualitative research focuses on processes; however, quantitative research puts more attention on the relationship among variables. Table 2 shows the specified differences between qualitative research method and quantitative research method.

	Qualitative Method	Quantitative Method
Purpose	To understand and interpret social interactions	To test hypotheses, look at cause & effect & make predictions
Sample	Smaller & not randomly selected	Larger & randomly selected
Data Collection	Unstructured or semi-structured techniques (Documents review, individual depth interviews or group discussions)	Numbers and statistics (Questionnaires, IQ test, measurements)
Data Analysis	Explore, explain, understand, non-statistical	Statistical data is usually in the form of tables and charts.

Table 2. Differences between qualitative and quantitative research method.

It can be divided into two sides when research something by using qualitative method. The first side has following questions needed to ask: who, what, where, how many and how much. For example, these can be used to ask questions, such as who promoted talent management strategies in MNCs? Or, how many persons were satisfied with the talent management strategies? What kind of TM strategies is used in Chinese MNCs? These kinds of questions put themselves to the survey and analysis studies. The second side builds on questions of how and why. For example, how does TCL Company develop its talent management? How does cultural integration practice in company TCL? Why does TCL use such talent management strategies? These types of questions are utilized in experiment, history and case studies (Brandt & Kull, 2007).

As the research questions aim to investigate how Chinese MNCs perform talent management in a strategic way, this thesis falls within the second side. Considering the contemporary, bordering on future, nature of the talent problem attestation, this thesis will use a case study approach since there are numerous events to take into consideration (Brandt & Kull, 2007).

Stake (1994) gave a further research on Yin's (1994) writings on case studies, and put forward 3 different kinds of case studies. The first one is the inherent study which is undertaken when a good understanding is the perspective result in the case (Brandt & Kull, 2007). The second one is an instrumental case where the case can play a supportive role to the main interest and provides knowledge to strengthen the research by itself (Brandt & Kull, 2007). Last one is a collective approach where the object is to understand a phenomenon by using a plethora of independent instrumental case studies to obtain insight into the studied area (Brandt & Kull, 2007). This thesis will employ the final one, because it focuses on the talent management in Chinese MNCs rather than the specific companies examined.

3.2 Overview of Case Company

The case company in this thesis -TCL Corporation was founded in the year of 1981, which is one of the largest consumer electronics companies in the world. With the past three decades of efforts, TCL Corporation has developed from scratch into a leading company of the electronic information industry in China.

TCL has been committed to build up the echelon of the international talent management, and construct the solid foundation of the human resource. Professional employees who have different nationalities are active in the sections of research and development of manufacturing, marketing and management. After more than ten years of development and integration, TCL has formed the management structure of globalization strategies in the international market. However, the core competition of the enterprises is talent, and one of the key factors to success of TCL Corporation is just the correct talent management strategies.

At present, TCL has formed four industry groups, referring to multimedia, communications, optoelectronics and home appliances, as well as six business segments. They are System Technology Unit, Techno Group, Emerging Business Group, Investment Group, and Highly Information Industry, Real Estate Group and so on (Table 3).

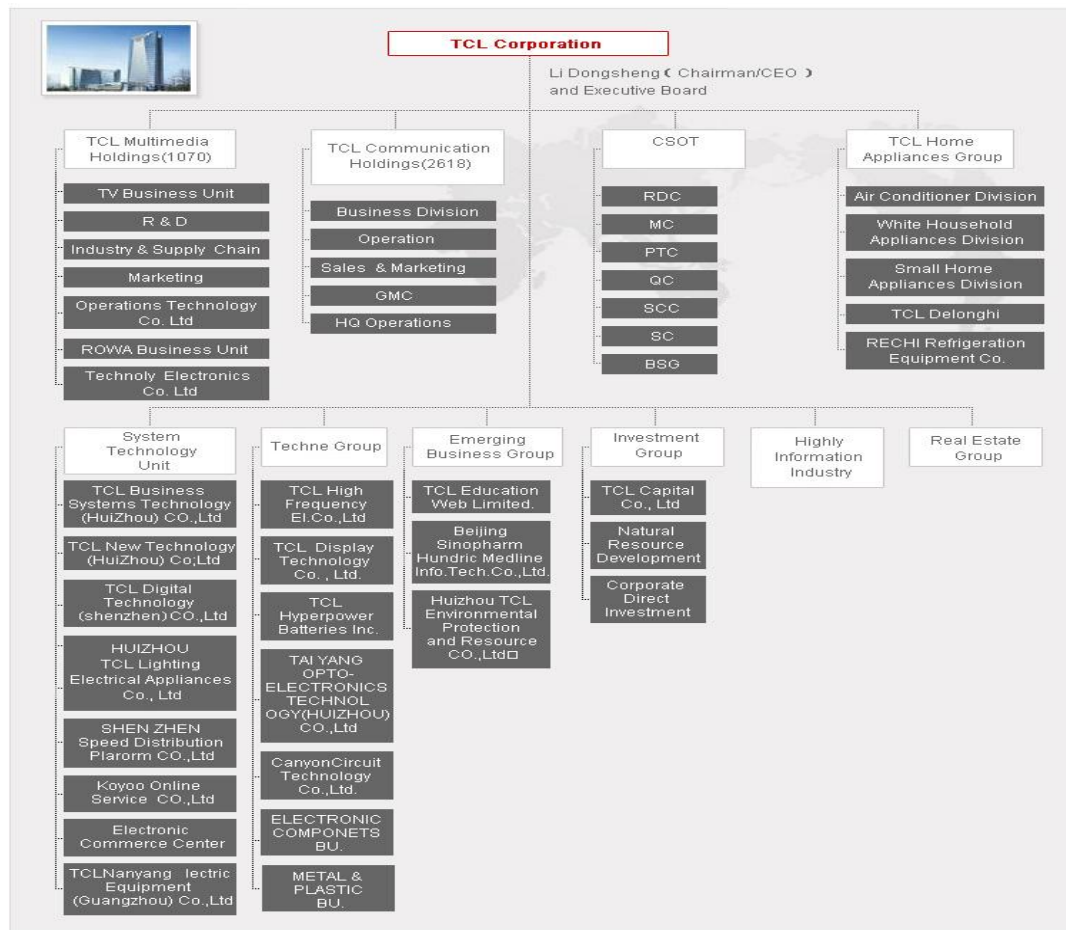


Table 3. Structure of TCL Corporation 2012.

From the year of 1999, TCL Corporation has been exploring the international operations, and promoting a mature brand by merger and acquisition (M&A) in the emerging markets, such as in the U.S. and European markets. So far, TCL has become the leader in the process of internationalization of Chinese enterprises.

TCL Corporation has established research and development (R&D) headquarters and branches on its main industry in China, the U.S., France, and Singapore etc. It builds up nearly 20 manufacture bases in China, Poland, Mexico, Thailand, Vietnam and other countries (Figure 2).

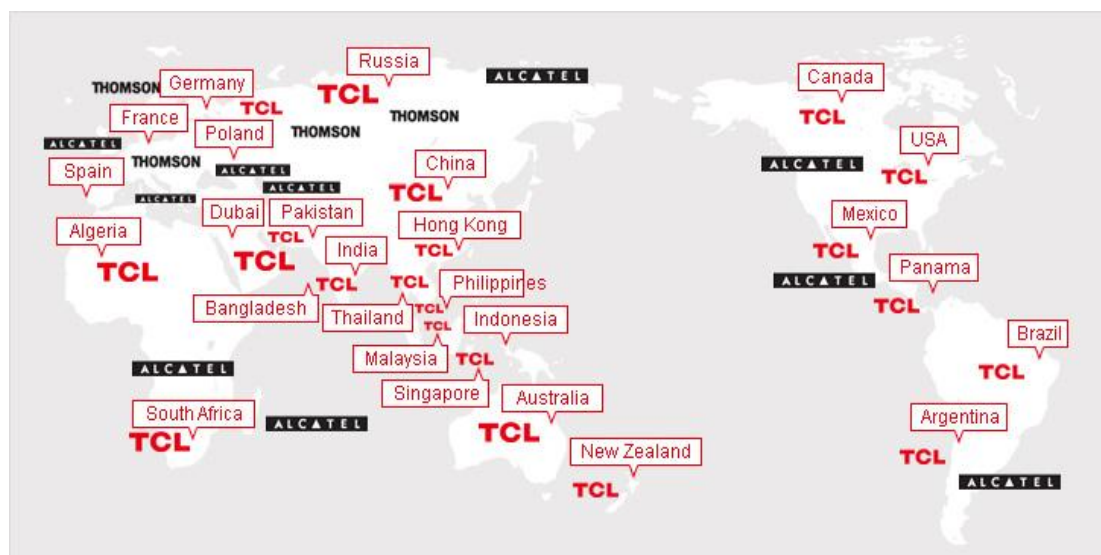


Figure 2. TCL Distribution Map.

More than 60,000 employees of TCL are working throughout Asia, Americas, Europe, and other countries. TCL Corporation has set up several sales organizations in more than 40 countries around the world, which have been selling television and mobile phone under its brand including Thomson and Alcatel. TCL Corporation sold 10.86 million LCD TVs and 43.61 million mobile phones. The operating income of TCL Corporation reached 60.834 billion RMB globally in 2011 (2011 TCL annual report). In 2012, according to the most valuable Chinese branch evaluation, the brand value of TCL reached 58.326 billion RMB. The production of TV ranked first in China (2012 China brand value report). The TCL brand value has risen by 80 times in the past 16 years, that is, the brand value has enhanced from 690 million RMB in 1995 to nearly 60 billion RMB in 2012 (Figure 3).

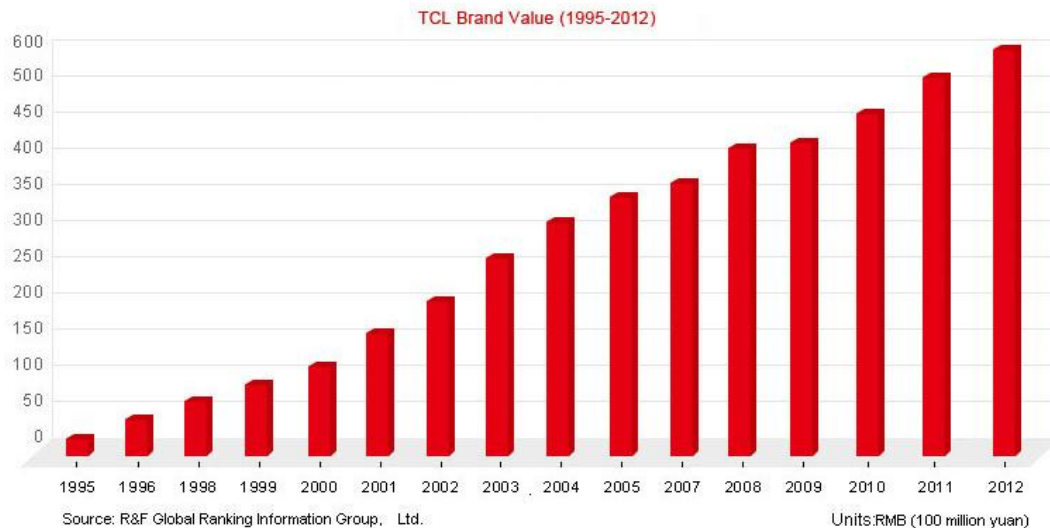


Figure 3. TCL brand value.

3.3 Case Design

There are single cases and multiple-case designs of the case research methods. Multiple-case design consumes much more time and cost than a single case. But it is more robust than the former (Yin, 1994). This thesis chooses the single case method of TCL Corporation.

The case in this study is to investigate how Chinese MNCs perform talent management in a strategic way by using the case study of TCL Company. Three human resource managers of TCL Wuhan branch, Vietnam branch and Australia branch will be interviewed. The interview questions can be seen in appendix 1. In this thesis, they will be named Manager A, Manager B and Manager C. Manager A is the human resource manager of Wuhan branch. Manager B is the human resource manager of Vietnam branch. Manager C is the human resource manager of Australia branch. They are responsible for the recruitment procedure, employees training and developments, as well as the employees' performance. They are also the consultants of employees and the whole organization.

This thesis also uses the questionnaire (Appendix 2) to research how TCL performs its talent management. There are 162 effective answer sheets gotten from TCL corporations. The respondents are from three different areas of TCL (Figure 4). The first one is TCL Wuhan branch of Hubei province located in China (36% of respondents); the second one is TCL Hanoi branch of Vietnam (34% of respondents); the third one is TCL Melbourne branch of Australia (30% of respondents).

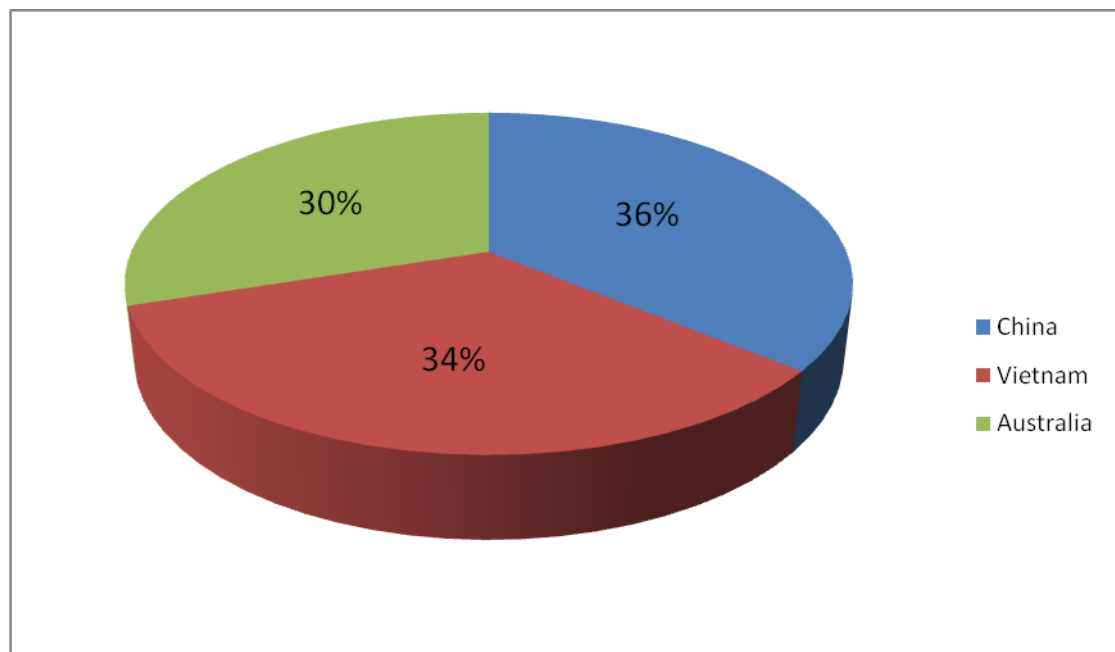


Figure 4. Respondents proportion of three areas.

3.4 Sample Selection and Data Analysis

After careful selection and comparison, this thesis finally selected TCL as research focus. TCL has become a leading company in China's electronic industry with the 30 years' efforts and opening-up policy. In 1999, TCL began to step into the globalized market. Its brand in the emerging market and electronic industry has well-established after its yearly effort, especially in European market and American market. According to a survey conducted by the authority about the operation of Chinese overseas company, TCL went ahead than others. Currently employees' turnover rate of Chinese overseas multinationals is up to 70 percent, while the TCL turnover rate is less than 15%. It is an apparent contrast. Of course, compared with the European and

American multinationals, there is a gap between TCL and others in talent management. TCL has yet to be further improved. TCL's talent management is relatively better, mainly due to the talent localization strategy of the TCL Corporation and its fusion of the differences in cultures.

There are seven stages to select sample (Kumar, 2000). One of the most important stages is to determine the sample population. The target sample population in this thesis is the TCL employees of three different areas.

Kumar (2000) presented five different types of analysis method: descriptive method, inferential method, differences method, associative method and predictive method. This thesis chooses descriptive and associative method.

3.5 Validity and Reliability

It is important and necessary for all researchers to provide as much credible information as possible (Kumar, 2000). This research is based on Chinese multinational talent management. The case company which be selected is a large and typical group of companies who can present all the Chinese multinational companies.

The study also used the scientific research methods which combine quantitative with qualitative to have final results. As Kumar (2000) emphasize, in the qualitative method process the starting point is the Lucica Stan 25 preconception that a researcher gains through the experience, studies, or other scientifically research. And the bias that the researcher has a subjective understanding about the topic in study. Moreover, Patel and Davidson (2003) mention that qualitative studies are unique.

Characteristics of the sample determine the correctness and reliability of this study: This study can be applied to most of the multinational corporations in China, and some multinational companies which come from some developing countries that are

in the similar developing level like China. As for numerous medium-sized companies, whose talent management is far behind this study sample, the results of this study can only provide them with learning and reference.

4. EMPIRICAL STUDY

In this chapter, the research results are presented based on the case materials and questionnaires from TCL Corporation. Talent management strategies in TCL are given, and the following is the talent localization strategy and culture influences in TCL Corporation.

4.1 Talent Management Strategies of TCL Corporation

Through the interviews with the managers A, B and C, some TM strategies of TCL are described. TCL combines talent management strategies with the development of the enterprise, and forms a set of mature talent management strategies gradually. This survey shows (Figure 5) TCL integrates its own elements into the talent management system on for example talent selection, training, remuneration and talents planning, which compose the complete formation of a talent management system. 78.4% of the respondents think that TCL develops talent management strategies to meet the requirements of the company, and 70.99% of them think that TCL provides a reasonable remuneration strategy. Moreover, other aspects of talent management strategies reflect on the survey to a large extent as well.

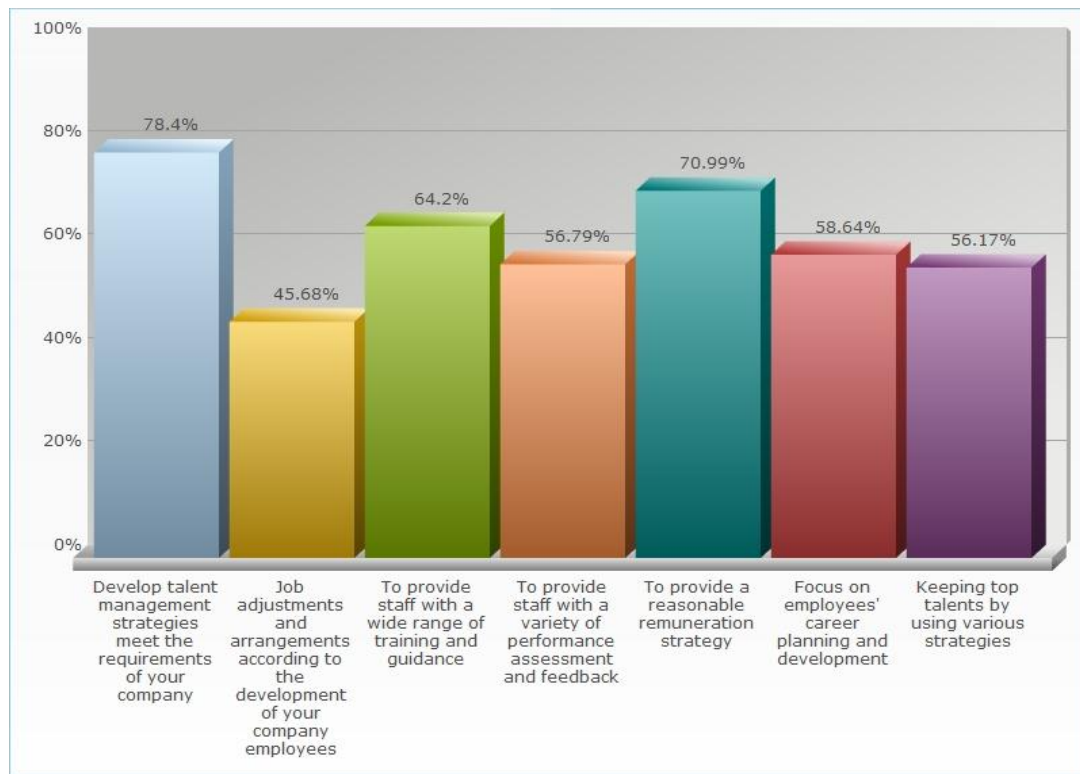


Figure 5. Relative TM strategies of TCL.

Meanwhile, the implementation of TCL talent management strategies has been widely recognized by employees. 93.21% of the respondents believe that management strategies are good or very good (40.74% for good and 52.47% for very good), which means most of the employees can get benefits from the TCL talent management strategies (Figure 6).

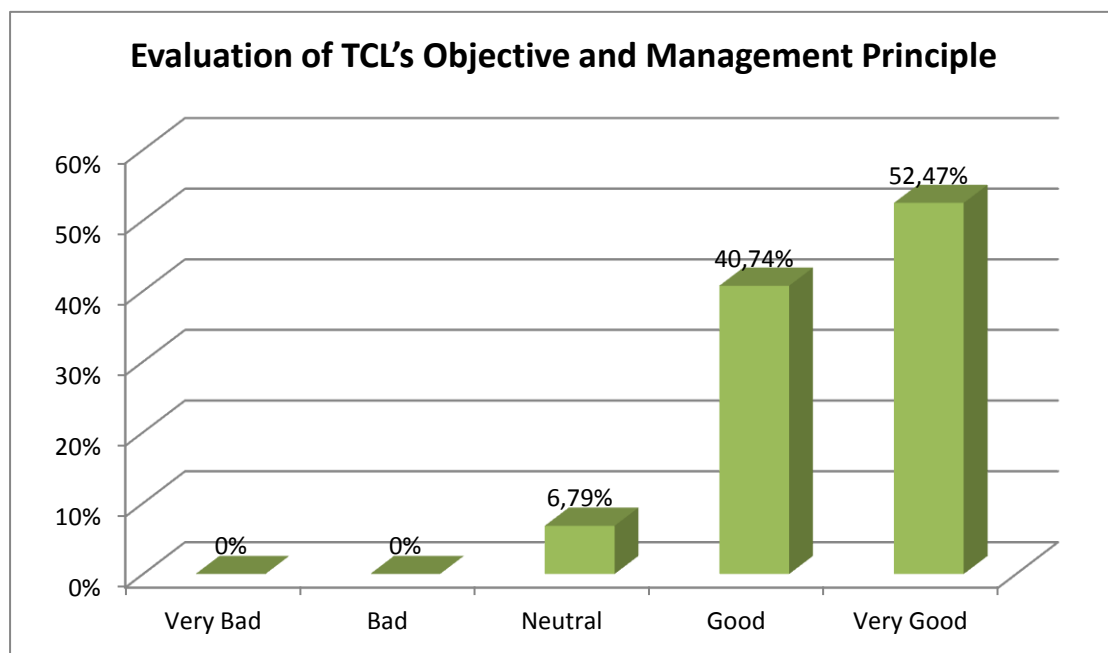


Figure 6. Evaluation of TCL's objective and management principle.

4.1.1 Talent Recruitment and Selection of TCL

From the questionnaire survey, it shows that TCL has unique selecting criteria. 80.86% of the respondents agree that employees in all positions have a unified and clear evaluation criterion (Figure 7).

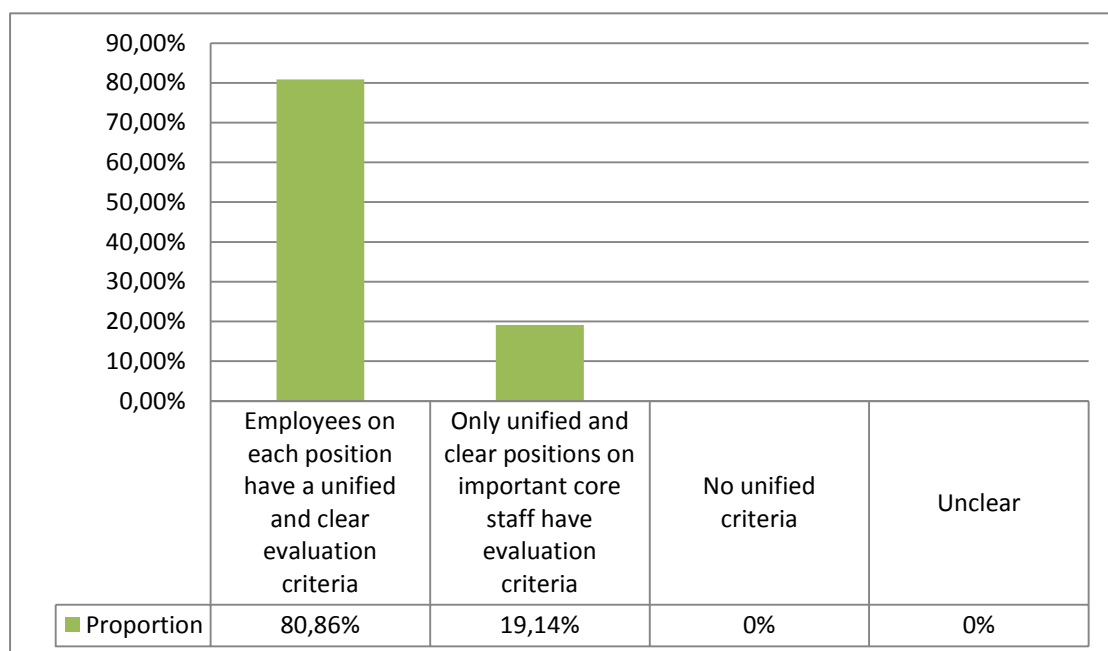


Figure 7. TCL talent selecting criteria.

This can also be proved from the interview. “What kind of talent is suitable for the overseas assignment? Is there any selecting criterion in TCL?” Manager B gave the following answer: Vietnam is the starting point of the TCL overseas business. Before entering the Vietnamese market, TCL spent a few months on market research exploring what kind of persons can adjust well. About the employees’ selection to the overseas market, TCL has the criteria of talents selection which focus on three aspects:

Rich experiences. The selected talents should have rich experience, especially the domestic practical experience. If they are new college graduates, they are not familiar with the development of TCL or the business in China, and they will have no idea of how to carry out their job.

Very practical work and endure hardship. This point is very important, because the work environments in some countries are much harder than any region in China. The workers must endure lots of difficulties.

Work independently. There is no good supporting system like working in China. The workers must rely on themselves and they should be able to develop and handle many things by themselves.

4.1.2 Remuneration

The other strategy, mentioned by Manager B is the remuneration and compensation principle. In order to ensure the balance of the overall remuneration with the strategy of enterprise development, TCL learns the experiences from other multinational enterprises all over the world, and divides the remuneration into the basic wage and overseas dispatch allowance.

Basic salary provides the basic life support to ensure the expatriates' sense of stability. Overseas dispatch allowance combines with market performance objectives and regional market characteristics, and it includes Foreign Service allowance, hardship allowance, resettlement relocation allowance and returning from vacation allowance. Overseas dispatch allowance reflects the elastic characteristics of the remuneration to make sure the incentive goals of overall remuneration.

The cores of the overseas compensation management are full adaptability, rigidity, and operability. Remuneration model stretches around the area characteristics (including elements of the economic level of the price index, hard index), regional strategic objectives (the development of strategic objectives are not the same in the different stages, including the strategy and employee performance evaluation). This system can maintain very silky and active, and has considerable fairness to avoid the problems of dispatch employees' choosers.

Manager B described that in accordance with the stage of development, TCL made the overseas countries of target marketing divided into three categories: the introduction stage, growth stage and mature stage. The strategic objectives of the regional market are different in various stages. On the basis of classification of overseas, TCL gives the local staff targeted incentive compensation.

In order to prevent the employees having unequal pay for equal work, on the one hand, TCL lets employees fully understand the characteristics of the overseas work and overall pay system before dispatching. On the other hand, by implanting career planning into the management system of overseas employees, and utilizing the traction of the talent platform, TCL makes the staffs' eyes focus on the future of their work to avoid such a crisis.

Under this remuneration principle, Figure 8 shows that more than 55% employees are satisfied with their remuneration. 32.72% of them are very satisfied with TCL's remuneration strategy. Just 11.73% of employees have a neutral attitude to the remuneration principle.

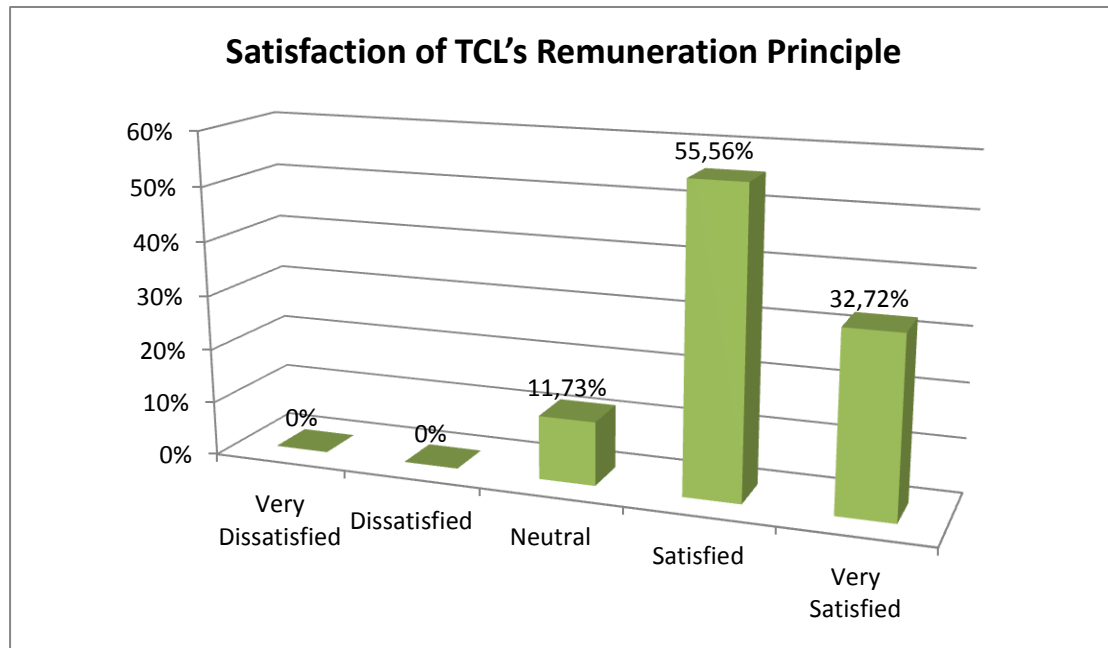


Figure 8. Satisfaction of TCL's remuneration principle.

4.1.3 Retain Talent

Because of international M&A, TCL had gotten into difficult periods for several years.

Manager A presents a series of problems on retaining talents for TCL:

- ◆ How to retain its talents for future development?
- ◆ How to get them do their best?
- ◆ How to reduce the human cost of a crisis to the minimum?

As Figure 9 shows 62.35% of the respondents think the most important challenge of talent management in TCL is how to retain talents. Even though there were also some other respondents who chose how to attract, select and develop talents, the inevitable challenge is the talent retention.

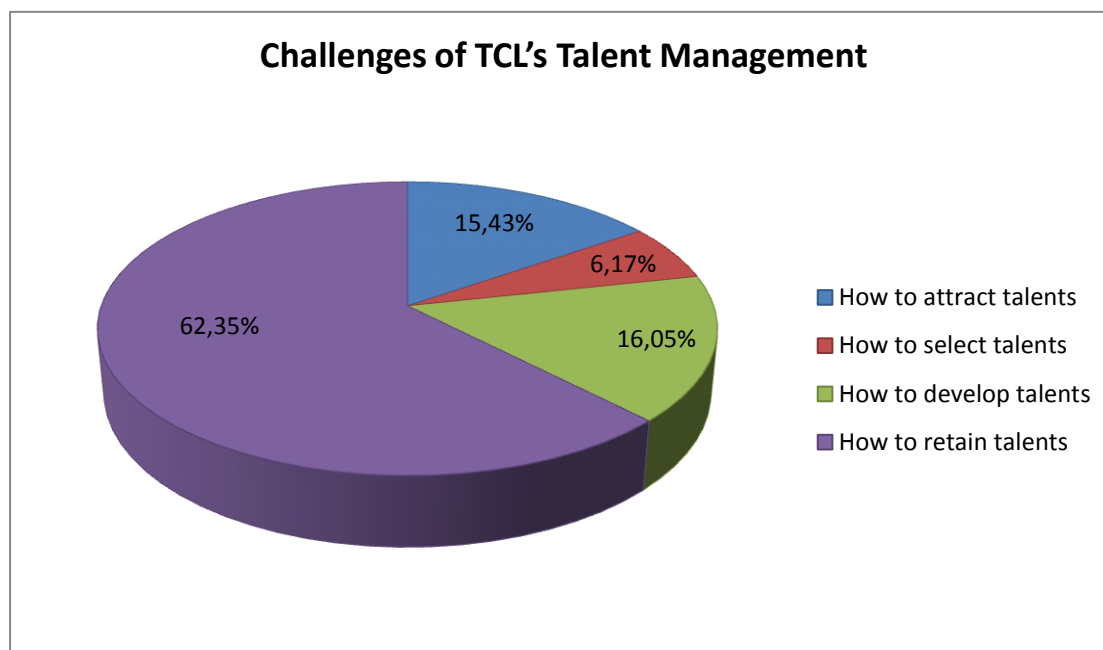


Figure 9. Challenges of TCL's talent management.

It is inevitable to adjust the organization and business. Layoff is one of the common methods in a crisis. However, large-scale layoffs will have a negative impact. However, as manager A mentioned, TCL did not have large-scale layoffs from the year of 2005 to 2006 even in the most difficult period.

The previous data shows that more than 90% of the resigned employees are the talents who just the companies want to retain in turbulent times. TCL optimizes the organization and personnel by making business processes simpler and smoother to respond to the changes in the market and meet customers' demand more quickly. In the process of optimization, TCL advocates multiple post roles to reduce the human cost to a minimum and make the best use of employees' potential.

Manager A said that TCL pays attention to the resigned employees especially in crisis. In many cases, the employees leave not due to the overall environment, but some details, even the miscommunication with their direct supervisor. As TCL Corporation, it is difficult to change the overall environment, but easy to change the microenvironment of talent, which are the key to avoid the loss of talents.

Facing the crisis, TCL Corporation learns some practices from consulting companies. It investigates whether the outstanding managers are able to improve team morale and lead the staff to defuse the crisis or not by adding some indicators. What's more, TCL also adopts a more flexible way to select talents.

On one hand, the job vacancies of the high-level talents who have received professional training in the international companies for many years have increased currently. TCL takes the opportunity to "headhunt" some talents who are hard to obtain and cultivate in ordinary days. On the other hand, TCL makes sure people really fit their jobs, resort to the job responsibilities and saturation. TCL does not increase positions again for more easily available personnel, or dispensable duty.

TCL has realized that one of the important means of controlling labor costs is to exert the potential talents of the available staff. TCL HRM Center has implemented the program of Next Best Action (NBA). Facing a task, the company will always require employees to ask themselves what the next better action program is. Then TCL will consider the results in its every step so as to maximize the performance. TCL also adopts more flexible ways to control the costs, such as stagger holiday system (especially suitable for enterprises with the obvious characteristics of peak or dull seasons), paid leave, unpaid leave, and the protocol work, etc.

In this situation, employees of TCL evaluate the TM strategies within a high level, especially how to retain talents (Figure 10).

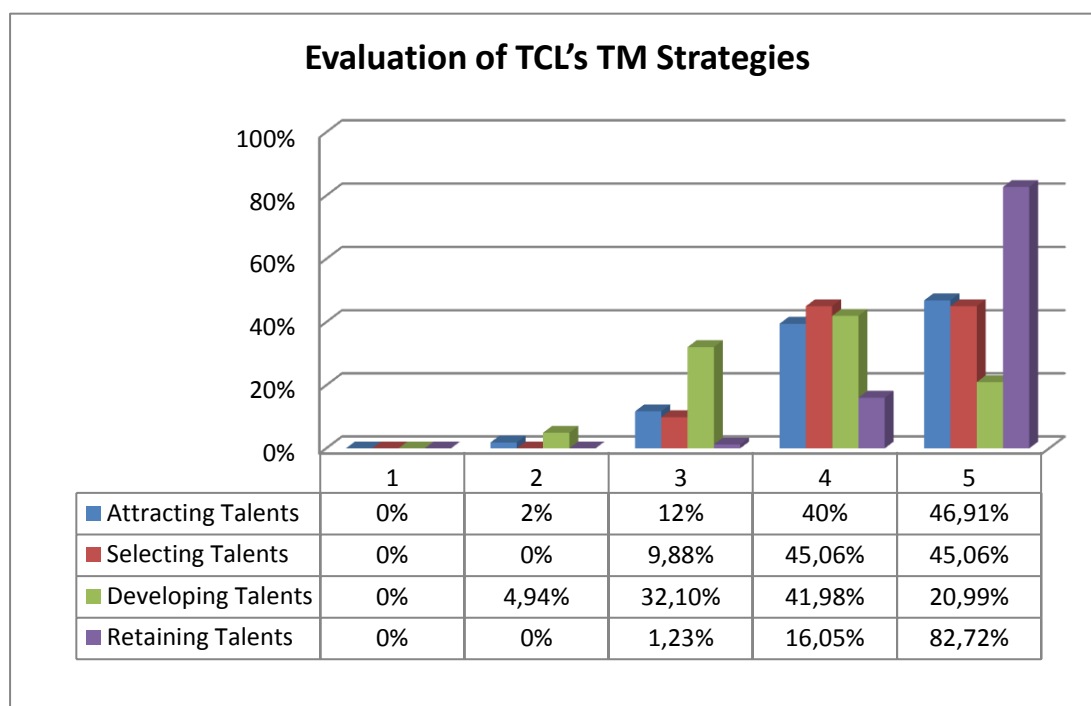


Figure 10. Evaluation of TCL's TM strategies.

4.2 Talents Localization Practice in TCL

If talents cannot be localized, it is difficult to catch the pulse of the local market immediately. It is difficult for the corporate culture to integrate with the local culture either. Thus, the company must achieve talent localization ahead to achieve international talents.

Manager C said that TCL's returns were in localization of talents in accordance with the pay. The financial report of TCL Corporation in the first half of 2011 showed that its revenue is 27.355 billion Yuan, a year-on-year growth of 18.08%, and net profit of 539 million Yuan, a year-on-year growth of 241.67%. TCL Multimedia ranked seventh in the global LCD TV market and TCL Communication ranked seventh in the global mobile phone market. However, before the year of 2011, TCL experienced the 3-year hard period because of the international M&A depression. How to minimum the human cost and keep talents needed for future development when the company is in the crisis, also how to exert the talents to its biggest role, TCL needs to give answers to a series of unsolved problem.

From the company's internal materials that get from Manager A, among the 2,215 employees of TCL overseas business division, only 174 employees are dispatched by TCL headquarters while foreign employees reached the number of 1,450 at present. From the questionnaire result, figure 11 shows that almost 59% respondents are not Chinese. 41% are Chinese employees which include 36% employees of the Wuhan branch. In figure 12, it can be seen that 112 employees (69.14% of the respondents) are general staff. In these respondents, all respondents (36% of the respondents) from the Wuhan branch are Chinese, which means that the foreign employees in foreign subsidiaries are almost local people. Just 16% of the respondents are middle managers and senior managers. However, how to manage this part of the overseas local staff well?

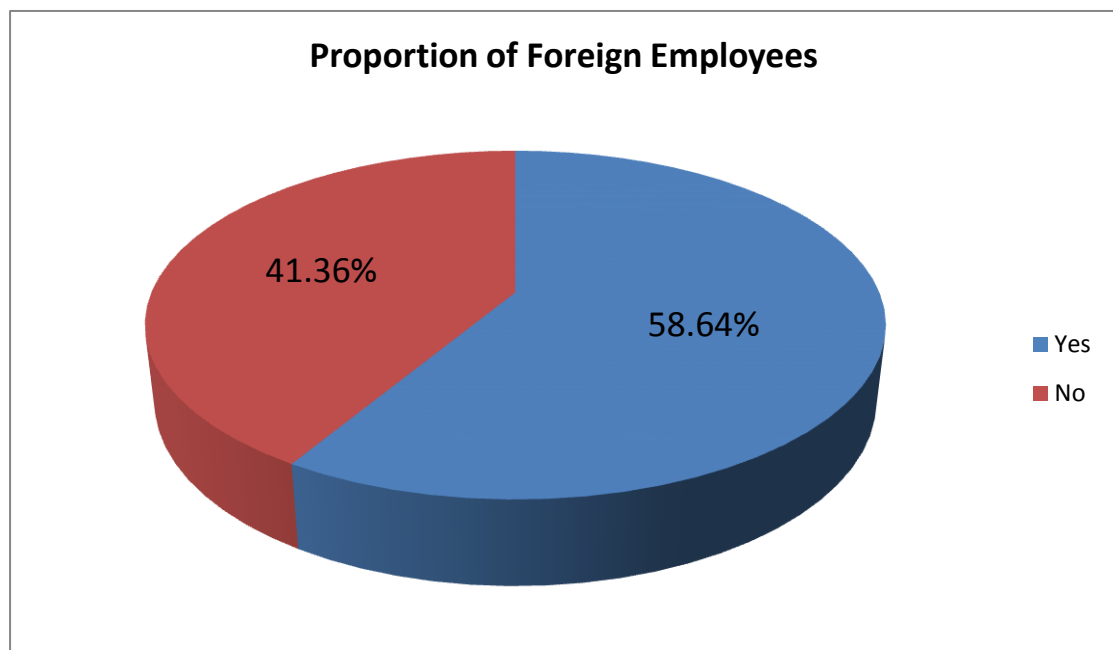


Figure 11. Proportion of foreign employees.

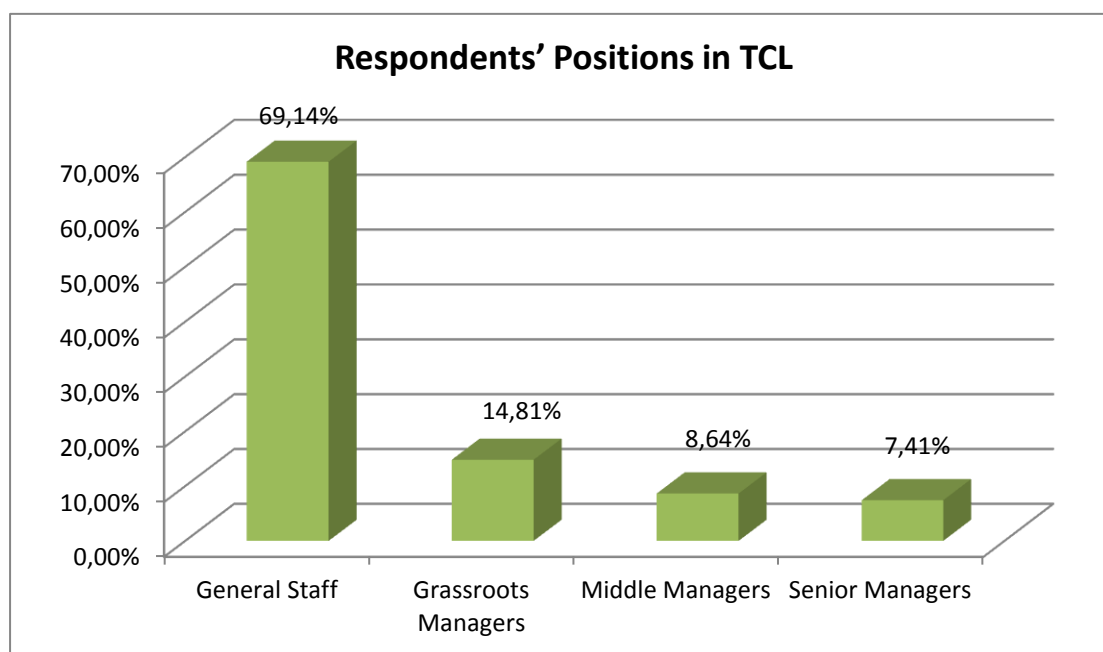


Figure 12. Respondents' positions in TCL.

4.2.1 Foreign Employees Distribution in Management

With the gradual implementation of the localization business strategy, TCL overseas institutions continue to change the proportion of foreign employees. The local employees have been playing leading roles and becoming the majority in TCL Vietnam branch. TCL also selects a group of professionals from the university graduates every year to realize the local integration.

In TCL Vietnam Hanoi Branch, there are many university graduates, who graduated from the University of Hanoi, Vietnam Economic University, Vietnam University of Foreign Study, are distributed in sales, finance and other departments. They have become the backbone of TCL overseas business.

After several years' development, the talent localization of TCL has made considerable progress overseas companies. The investigation from the three branches indicates that, more than 66.67% of the employees agree that overseas employees are recruited from the local people. More than 27% of the respondents choose that employees are selected from both headquarters and local. (Figure 13) Moreover, TCL

will take action to further promote the talents localization, it can be predicted that the proportion will be raised in the coming years.



Figure 13. Method for recruiting overseas staff.

As table 4 describes, in the early stage of the talent localization, TCL uses talents in two ways: Senior managers and middle level managers are appointed by the headquarters. The grassroots managers and normal staff will recruit the local people. As mentioned by manager B, with the deepening of talent localization, the headquarters will select the majority of local employees including senior managers and middle level managers.

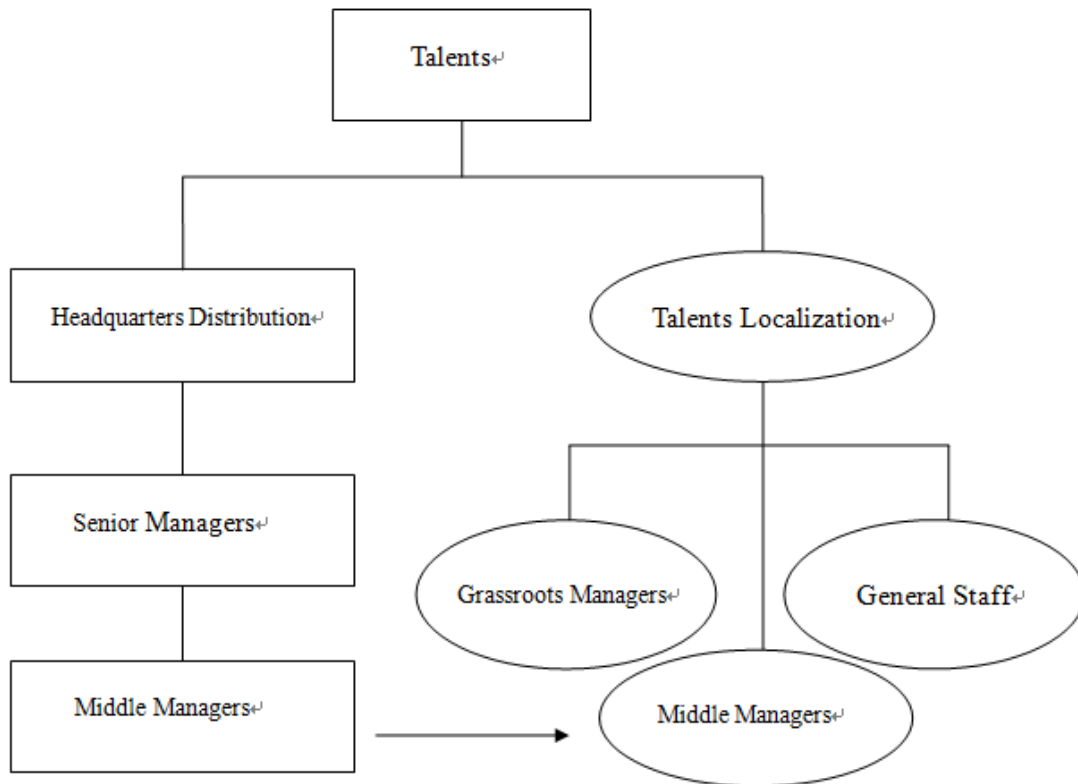


Table 4. TCL talents distribution.

Manager B mentioned that in Southeast Asia, TCL branch has realized the localization at the middle management. For instance, the local staffs have been appointed as the administrative managers. As one of the goals, TCL is going to make the mid-high manger layer localized, rely on logistical resources platform and the necessary supervision and management.

However, as Manager C said that in Australia, the employees compose its main management team. David, the CEO of TCL Australia Branch, is a local Australian. TCL headquarter sends only the key positions in management personnel, such as chief financial officer, director of marketing, and others, which greatly simplify the process of management. Because they have made an all-round understanding and careful preparation in advance of the project, they have established a common goal and a guaranteed execution. This is the trend of TCL talent localization in the future.

As mentioned above, in the process of talent localization of TCL, the foreign employees are mainly distributed in the middle and the grass-roots level. In some branches, the foreign employees began to move toward high-level position, such as Vietnam, Australia and India and so on. According to the survey, 58.64% of the respondents think that the foreign employees in the company is mainly distributed in middle managers, and 30.25% think that the foreign employees is mainly distributed in general staff (Figure 14).

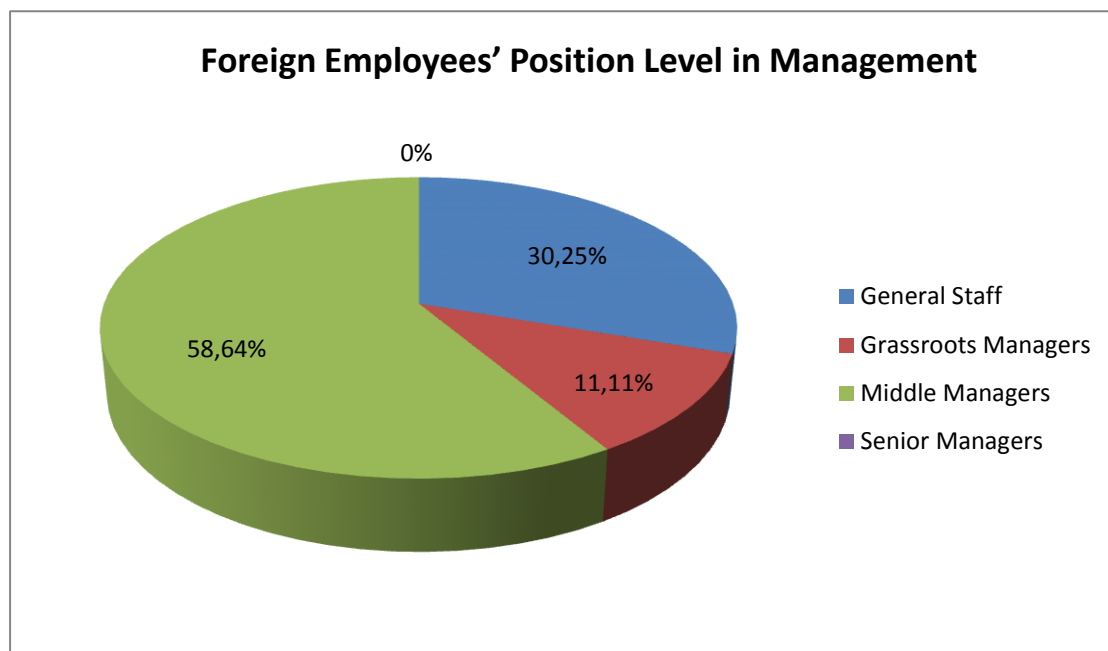


Figure 14. Foreign employees' position level in management.

4.2.2 Career Design

As the first overseas markets of TCL, the talent localization level of Vietnam branch is much higher than that of other overseas companies. In company headquarters, or Hanoi, Danang Branch, the mid-high manager layers are basically Vietnamese employees. Manager B said: "As long as you are studious and diligent, you can find the opportunity to display your talent and your expected position in TCL."

This can also be proved from the survey result. As the figure 15 shows that more than 55% of the respondents have worked in TCL for 1 to 5 years, and 17.9%

worked here more than 5 years. This group of employees is almost middle and senior managers, which means that the longer you work in TCL, the more promotion opportunities you can get if you can work conscientiously.

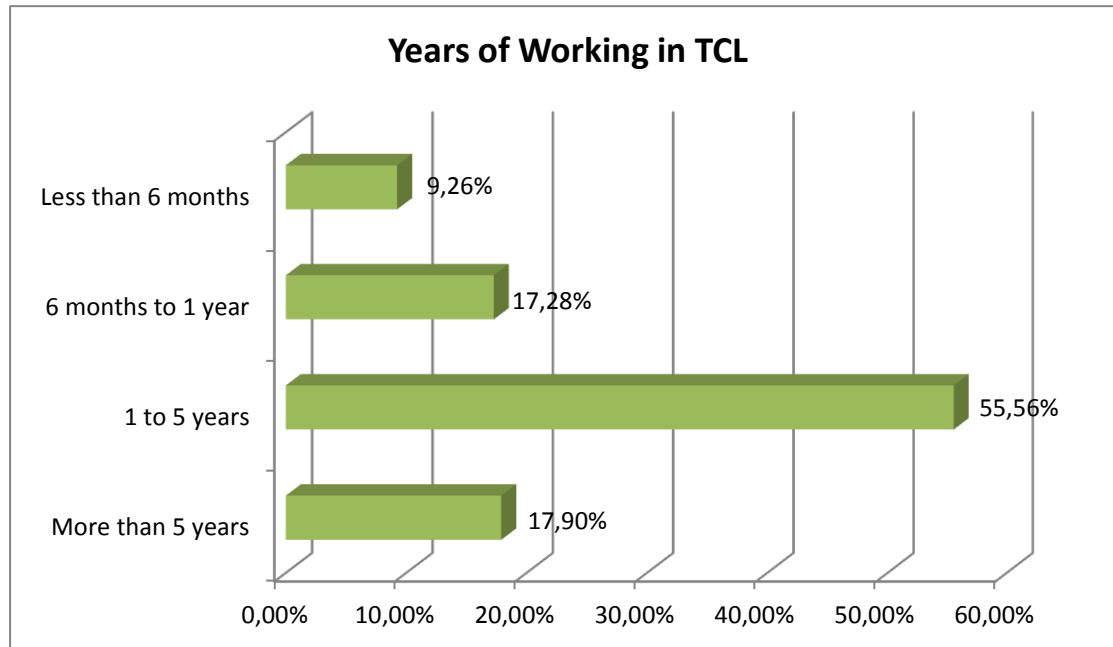


Figure 15. Years of working in TCL.

With the gradual maturity of overseas talent localization environment, TCL also reserves enough promotion space for overseas local staff. As shown in Figure 16, the majority of respondents think that TCL gives enough space to staff development. 61.11% believe that the company provides many opportunities for promotion, while 37.65% believe that the company provides the opportunity, but fewer opportunities.

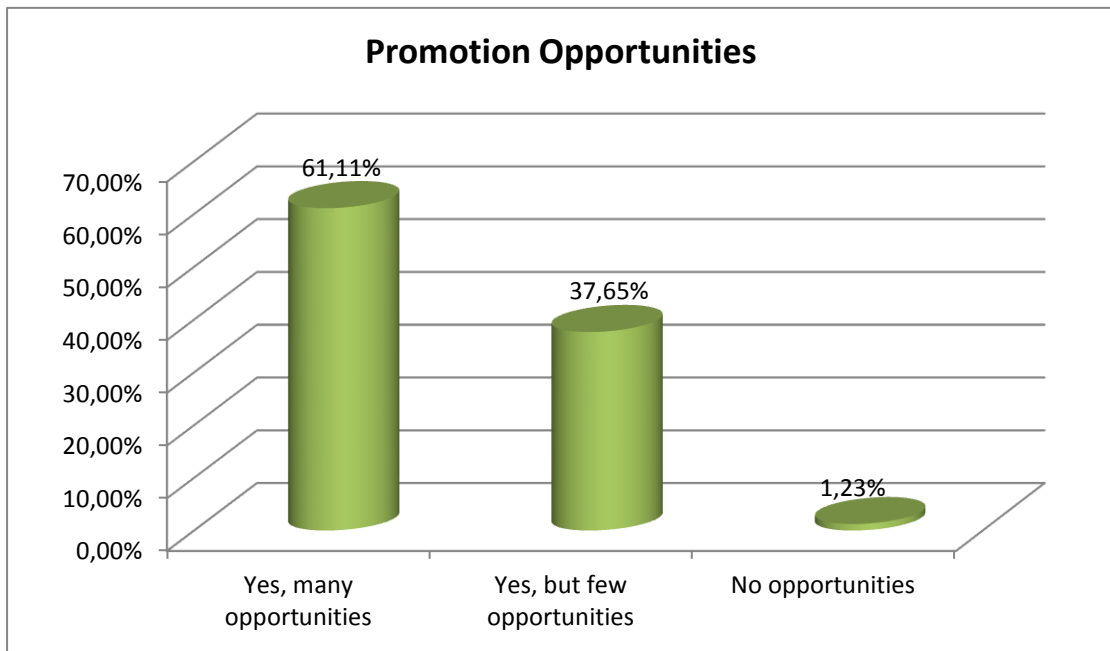


Figure 16. Promotion opportunities.

TCL's localization strategies make the best use of local talents; give a great deal of hope and confidence to the local employees. Nearly 80% of the respondents are satisfied with the opportunities for promotion, while 44.44% are very satisfied. (Figure 17)

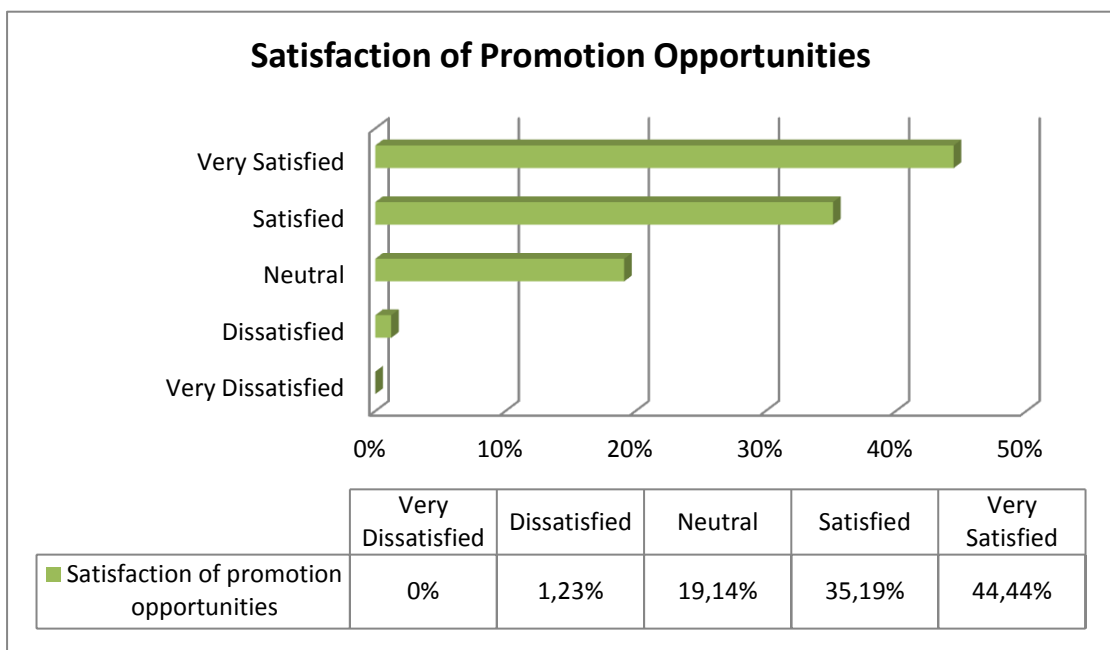


Figure 17. Satisfaction of promotion opportunities.

4.2.3 Training

In addition to the strict recruitment, TCL pays more attention to the training and development of employees when they have entered the plant. TCL creates a favorable environment for the growth of outstanding foreign employees. In addition that a small number of employees did not participate in training, 79.01% of the respondents are provided the employee training 1-2 times per month, and 17.9% participate in the employee training 3-5 times per month (Figure 18).

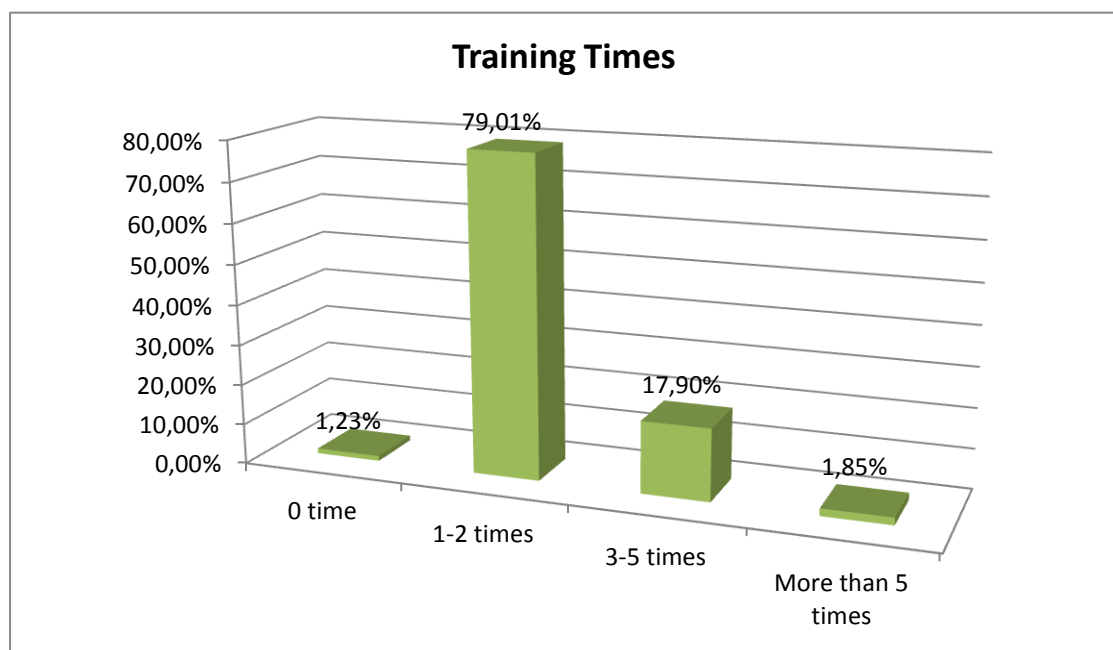


Figure 18. Training times.

For overseas talents, in addition to the introduction of professional managers, TCL picks out some talents who have participated in the acquisition, integration, operation and management in overseas companies and sends them to overseas business school for further study. Accentually, TCL has formed a dimensional training program – Eagle program. It is a tutorial system that talents guide other employees in a dimensional and systematic approach to HR personnel training. Manager A told that even in the difficult period, TCL Corporation still made the appropriate budget for the

training without reducing the training inputs. TCL regarded training cannot be seen as a proportion of the inputs and outputs but a subtle process.

4.2.4 Remuneration

How does TCL manage the overseas local staff? Manager B answered as follows: for most of the overseas local employees, the first and important factor that they consider is salary. Compared with the vast majority of overseas countries, TCL has been able to compensate employees at the same levels which are consistent with the local market competitive conditions at the present. Manager B gave an example: in Mexico, the salary levels and incentive scheme have been maintained at the same level with Japan and other competitors. The features of international talent management are not only reflected in the value of the salary. In specific forms, TCL also takes full account of the differences among the countries and regions, for example, the monthly payment in China has been adjusted to the two-week payment in Mexico.

4.3 Cultural Integration in TCL

With the economic globalization, what a problem for managers is how to deal with the relationship between MNCs and host country. MNCs' subsidiaries are located all over the world, and employees all come from different countries. In this context, the differences of cultural and relationship are bound to have a significant impact on the enterprise organizational management and human resource management.

Cross-cultural differences of international operations have brought opportunities, also a huge challenge. Therefore, the cross-cultural management will be one of the important factors for the MNCs' success. Manager A described TCL's diverse corporate culture has been the pride of TCL. It promotes a talent growth environment of "respecting knowledge, emphasizing talent, encouraging innovation, allowing failure; professional integrity, teamwork, and inclusive culture". Access to global markets, the culture will benefit from the integration of different backgrounds as soon

as possible to help employees work effectively, and become a powerful and competitive enterprise with competitiveness.

4.3.1 Cross-cultural Integration

In the process of internationalization, TCL has been facing a big problem how to solve the cultural conflicts in the cross-cultural management. The survey result (Figure19) shows that there are culture conflicts problems in TCL. More than 53% of the respondents agree that TCL has culture conflict usually, and 41.98% think the conflict occur sometimes. Just 4.94% chose that the conflict has never occurred in TCL.

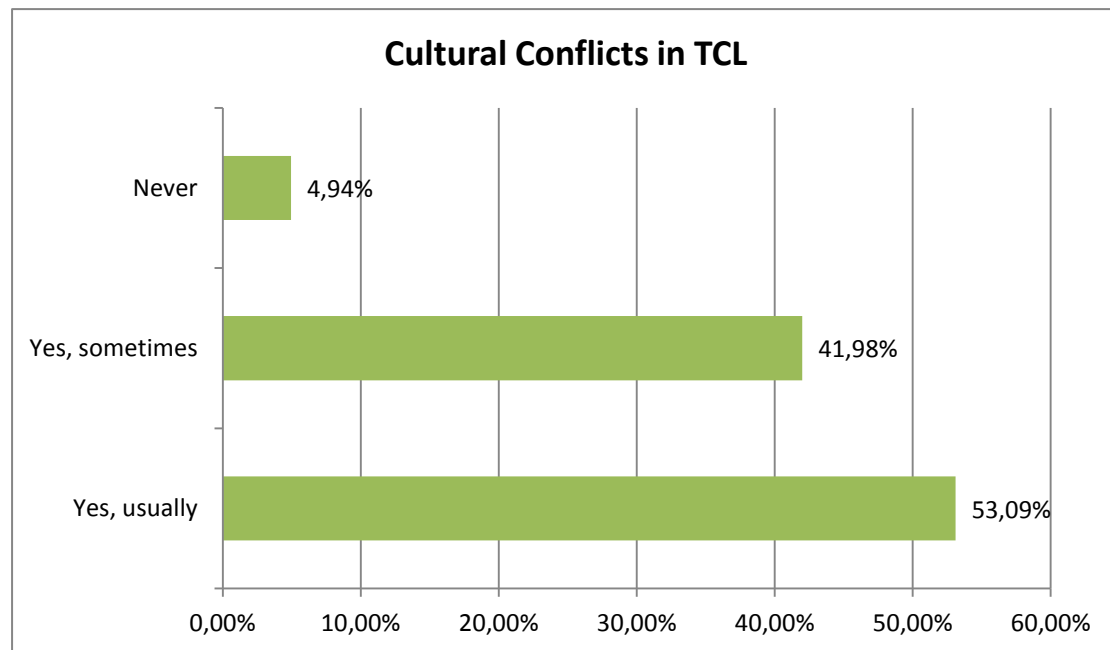


Figure 19. Cultural conflicts in TCL.

According to the theory from the previous chapter, there are three solutions for how to solve cultural conflicts. Undoubtedly, the third mode is the best choice for TCL and all Chinese MNCs. Cultural integration is a necessary task for all multinationals. Just from this point, TCL brings us a lot of inspiration. From the interviews, it can be known that cross-cultural integration shows two characteristics in different stages in TCL: divergence and convergence.

4.3.1.1 Culture Divergence

In the early stages of the integration, both sides of employees do not understand each other; the culture divergence plays a leading role in the process of integration. The failure of management occurs due to the culture divergence. Manager C gave an example: the executives of TCL overseas business division always felt very upset to find foreign employees on Sunday in TCL overseas business division. Foreign employees believe that the weekend is the time for rest, not work time. It is a huge difference from the career spirit between China's management.

On the one hand, managers and employees both tend to their own enterprise culture or local culture. Especially managers, often make the enterprise merger be equal to culture merger. On the other hand, Western enterprises often have a sense of superiority in culture, doubts and discriminate to Chinese culture. The conflicts in both cases always make the cultural integration deadlocked. Therefore, at this stage, the primary task is not changed, but stable. The stability of culture refers to that it is not possible to completely change in a short term. When the culture plays the role of divergence to hinder enterprise integration, embarking on culture change is bound to be resisted and dissatisfaction, even result in serious M & A failure. Therefore, the first step of integration is stable. Try to collect organizational cultural information, and then provide the opportunity to communicate as much as possible between the staff and management to discover the essence of their own cultures.

4.3.1.2 Culture Convergence

The same example from Manager C, TCL managers are adapting to the local culture and customs. TCL guides the foreign employees of the company to adapt to the culture of TCL's culture slowly. From the interview, it could be known that when TCL enters a country initially, the culture within the company will be the local culture, but it will slowly return to the cultural direction of the TCL itself over a period of time.

Manager C said that when emergency business occurs, American workers will also take the initiative to work overtime.

After some time to know each other, the culture begins to play the role of convergence. This is the second stage of the cultural integration. That is the stage of assimilation, a process of "seeking common ground while reserving differences". To identify similarities in the different cultures means to seek common ground, and takes this opportunity to carry out cultural integration. TCL culture plays an important role in the Chinese development process, but it apparently cannot get the recognition of the overseas management personnel in many ways. Only established the agreement on the basis of culture, it can really play a positive role to increase employee loyalty, and thus make the enterprise get economic benefits. Of course, the process of assimilation should not only inherit and carry forward the national culture, but also respect and absorb the culture from the host country. That is, reserving differences carry forward the best parts, and take temporary "neglect" or "ignore" on the subtle differences of the two sides.

For the answer of “Does your company pay attention to the religious beliefs, festivals and customs differences of the local employees?” almost 90% of the respondents agree that it does (Figure 20). TCL respects the local culture a lot.

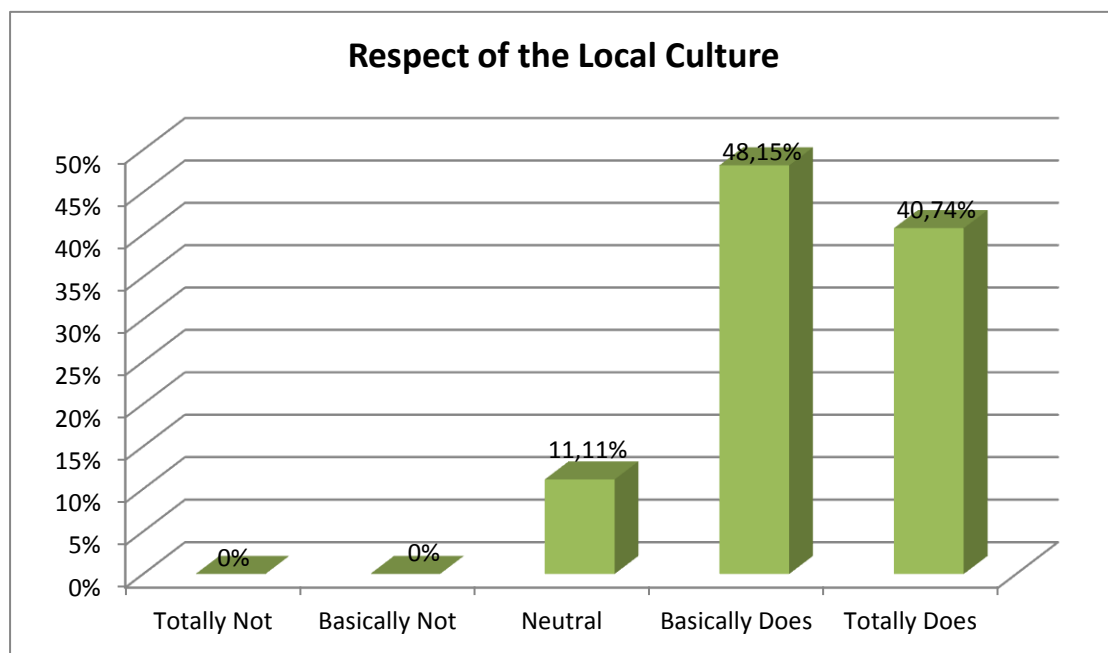


Figure 20. Respect of the local culture.

4.3.2 Cross-culture Training

With the further deepening of integration, enterprises should offer cross-cultural training, and build a common vision for the organization. Cultural mechanisms for enterprise internal should also be considered, and eventually form a new corporate culture. The expatriates from TCL internal selection are the leaders in business levels who agree with TCL's corporate culture absolutely, and who have enhanced through the practice of the domestic market. For this group of capable expatriates, the biggest obstacle they face is not how to expand their business, but how to adapt to the local culture and customs of the country they are assigned.

Chinese expatriate executives have clearly recognized that the overseas market is not simply a reflection of the Chinese market. In the process of internationalization, they must remain highly sensitive to the culture of the overseas markets, and make great efforts to work together within the framework of different cultures and avoid conflict. Manager B divided TCL's culture strategy into two aspects: on the one hand, TCL has its own unique culture and tries to effectively integrate in the local culture; on the other hand, TCL lets employees integrate into the enterprise and identify with their

corporate culture and values as soon as possible.

The survey shows that almost everyone in TCL has the cultural identity and sense of belonging to the company (Figure 21). More than 73% of the respondents have the culture identify entirely. This must be an advantage for MNCs in a competitive environment.

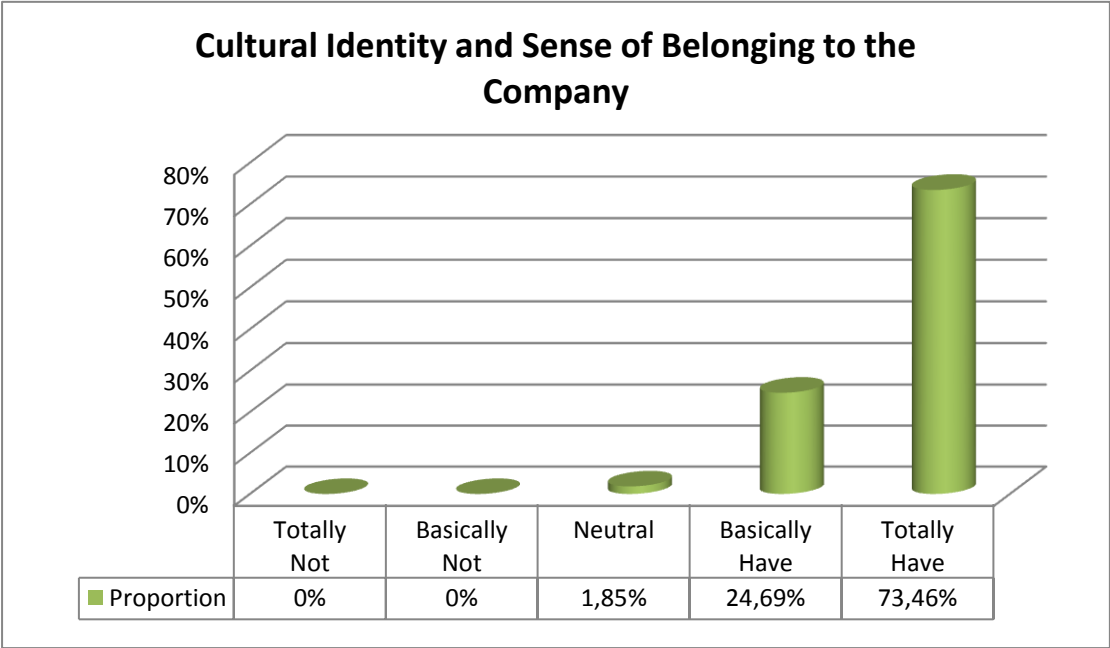


Figure 21. Cultural identity and sense of belonging to the company.

5. CONCLUSIONS AND SUGGESTIONS

In this chapter, a short summary is given, and some suggestions for Chinese MNCs and for further studies are presented.

5.1 Summary

With the increasing development of the Chinese enterprises' overseas investment, the Chinese MNCs have been becoming much more competitive than before. Compared with multinational companies in the western developed countries, there is still a big gap in the research and practice in talent management for Chinese multinational companies; however, the significance of talent management has attracted more and more attention by the Chinese MNCs. Meanwhile, talent management strategies in Chinese MNCs are developing and promoting continually.

As we have learned in the previous chapters, TCL has formed its own effective criteria to select talents which mainly include rich working experience, the ability to work practical and endure hardship, the ability to work independently and so on. The dispatched talents are required to have rich domestic practical experience, which enables them to begin their work in a new environment immediately.

Another talent management strategy is remuneration. TCL has the elastic salary characteristics. The remuneration in TCL is made up of two parts. One is the basic wage, which ensures the expatriates' basic life costs and the sense of stability. Another is overseas dispatch allowance, which includes Foreign Service allowance, hardship allowance, resettlement relocation allowance and returns from vacation allowance.

The most important aspect of TCL's talent management is talent retention. TCL comes up with a flexible method which is known as a process of optimization. TCL recommends multiple post roles so as to make the most of employees' potential and

reduce the cost of human resources. In that circumstance, TCL creates its unique developing program such as no lager-scale layoffs, Next Best Action program, and Eagle program.

It will never be an easy task for TCL to integrate into the local market and the local culture if talents cannot be localized. However, TCL has been doing the right thing like adjusting its own pace to the local talents. To make TCL better is not only about the process of strict recruitment or effective retaining, but it is more about how TCL attracts and selects the outstanding local employees.

The culture difference is also a problem that has been mentioned in foregoing chapters. TCL deals with this problem successively through creating the environment of “respecting knowledge, emphasizing talent, encouraging innovation, allowing failure; professional integrity, teamwork, and inclusive culture”. TCL keeps its unique organizational culture, and respects the local culture as well.

5.2 Suggestions for Chinese MNCs

5.2.1 Build up Effective Talent Management Strategies

There are four main talent management strategies, which are attracting talents, selecting talents, developing talents and retaining talents. Even though they are all important for the successful talent management, this paper suggests that Chinese MNCs pay more attention to the talent retention.

Employee retention could be the top challenge for many organizations. Two main reasons for turnover are job dissatisfaction and external opportunities. The talent market in China is highly competitive nowadays. If we dig a little deeper, it can be found that there is an increasing trend of talent movement from large multinationals to private and state-owned enterprises in China. Many efforts have been put to address the retention issue; organizations are struggling to find a way out.

Previous research indicates that the overseas staff turnover rate is highly to 70%. From the experience of TCL's talent management, Chinese MNCs should more focus on "people". The people-oriented values and approaches spur employees to participate in various challenges the company faced. Companies create good conditions of development for employees to make them enjoy working fun, as well as playing their abilities to the extreme within the scope of the responsibilities.

5.2.2 Localize Talent

Another suggestion for Chinese MNCs is a talent localization strategy. Talent localization aims to improve the international competition strength, and make the best use of local human resources for MNCs. It not only makes most of the workers localized, but also makes management personnel, and technology backbone localized.

In the talent localization process, enterprises should take into account the wage cost and the abilities of the talents. Local talents should be high level employees. Enterprises can not only consider salary costs, but also degrade the level to choose senior management personnel. Multinationals could attract and select the local employees by using an attractive remuneration and offering more promotion opportunities.

5.2.3 Integrate Culture

With more and more MNCs having entered China, and a large number of Chinese enterprises going out, the domestic enterprise and management personnel have to face a new problem:

On the one hand, how to cooperate with the multinational companies from different countries in the domestic market; on the other hand, how to integrate into the different national culture abroad. The conflicts of a multinational corporation are obvious between the mother culture, the enterprise culture and the different employees;

therefore, the cultural integration is very important. One of key factors is to respect the local culture. Chinese MNCs should create their leading organizational culture, and try to integrate the local culture.

5.3 Suggestions for Future Research

The study of multinational talent management is still in an early stage. The thesis investigates how Chinese MNCs develop their talent management, and what kind of defects exists in the Chinese talent management process. The talent localization strategy is a very important factor in order to achieve success in Chinese MNCs' talent management, and it should be taken into consideration. Further researches could pay more attention on the talent localization problem. This thesis also proposes the concepts of cross-cultural management and cultural integration, which are practical and not yet universally paid attention to.

As for MNCs' talent management research, the sample used in this thesis is China's most powerful TV industry. However, many multinational companies in many other industries in China such as economic industry, auto industry and textile industry have their own characteristics and trend in their talent management field. They might be better representatives of the talent management status quo of multinational companies in general industry from developing countries, they should get more attention.

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2012 China Brand Value Report

Appendix 1 - Interview Questions for Managers

1. What is the current situation of TCL multinational operations? What are the selection criteria of TCL overseas staff?
2. How do you select the right talent to send to the overseas? How about the local talents selection?
3. How does TCL deal with the TM globalization?
4. In the TCL overseas enterprises, what is the influence of the different cultural background in the development and management of enterprise talents? Please give Examples.
5. How does TCL manage the overseas local staff?
6. What is the biggest challenge of TCL talent management?
7. In TCL's overseas companies, what is the proportion of local talents and expatriate talents in the management? Will you increase the proportion of local talent in management?
8. How about the brain drain of TCL's overseas companies currently? And how do you prevent the loss of overseas talents?
9. Are there any cross-cultural conflicts during TCL overseas management? How do you deal with them? Please give examples.
10. How do you conduct cross-cultural integration? What are your strategies and measures? Please give examples.

Appendix 2-Questionnaire

1. Are you a foreign employee?

- ☐ Yes
- ☐ No

2. What is your position in your company?

- ☐ General Staff
- ☐ Grassroots Managers
- ☐ Middle Managers
- ☐ Senior Managers

3. How long have you worked in your company?

- ☐ Less than 6 months
- ☐ 6 months to 1 year
- ☐ 1 to 5 years
- ☐ More than 5 years

4. Which of the following do you think is related to your company's talent management strategies?

- ☐ Develop talent management strategies meet the requirements of your company
- ☐ Job adjustments and arrangements according to the development of your company employees
- ☐ To provide staff with a wide range of training and guidance
- ☐ To provide staff with a variety of performance assessment and feedback
- ☐ To provide a reasonable remuneration strategy
- ☐ Focus on employees' career planning and development
- ☐ Keeping top talents by using various strategies

5. How do you view the objectives and management principles of your company?

Very Good ☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 Very Bad

6. Please evaluate the talent management strategies that are using in your company. (1 is worst, 5 is best)

	1	2	3	4	5
Attracting Talents	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Selecting Talents	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Developing Talents	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Retaining Talents	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

7. Which option do you think is the biggest challenge of your company's talent management strategies?

- ☐ How to Attract Talents
- ☐ How to Select Talents
- ☐ How to Develop Talents
- ☐ How to Retain Talents

8. What criteria are used when your company recruits the staff?

- ☐ Employees on each position have a unified and clear evaluation criteria
- ☐ Only unified and clear positions on important core staff have evaluation criteria
- ☐ No unified criteria
- ☐ Unclear

9. Are you satisfied with the company's remuneration mechanisms?

Very Dissatisfied ☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 Very Satisfied

10. Is there opportunity for promotion in your company?

- ☐ Yes, many opportunities
- ☐ Yes, but few opportunities
- ☐ No opportunities

11. Are you satisfied with the promotion principle of your company?

Very Dissatisfied ☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 Very Satisfied

12. How often does your company provide you with employee training a month?

- ☐ 0 time
- ☐ 1-2 times
- ☐ 3-5 times
- ☐ More than 5 times

13. What is the main source of the company's overseas subsidiary employees?

- ☐ Mainly Dispatched by Headquarters
- ☐ Recruited Local People
- ☐ Both A and B

14. Which level of the foreign employees in the company is mainly distributed in management?

- ☐ General Staff
- ☐ Grassroots Managers
- ☐ Middle Managers
- ☐ Senior Managers

15. Do the employees in your company have conflicts due to cultural differences between local employees and the expatriates?

- ☐ Yes, usually
- ☐ Yes, sometimes
- ☐ Never

16. Does your company pay attention to the religious beliefs, festivals and customs differences of the local employees?

- ☐ Totally Not
- ☐ Basically Not
- ☐ Neutral
- ☐ Basically Does
- ☐ Totally Does

17. Do you have cultural identity and sense of belonging to the company?

- ☐ Totally Not
- ☐ Basically Not
- ☐ Neutral
- ☐ Basically Have
- ☐ Totally Have

18. Do you have any comments or suggestions about talent management of your company?
